



Reprinted
April 14, 2009

ENGROSSED HOUSE BILL No. 1546

DIGEST OF HB 1546 (Updated April 13, 2009 7:22 pm - DI 102)

Citations Affected: IC 2-3.5; IC 5-10.2; IC 5-10.3; IC 5-10.4; noncode.

Synopsis: Public pension funds. Allows the board of trustees of the public employees' retirement fund (PERF) to establish by rule the valuation date and implementation date of changes in a member's investment selections for the legislators' retirement system (system). Allows a member of the system to allocate the investments in the member's account in increments smaller than 10%, if authorized by the PERF board. Allows the PERF board and the TRF board to establish a single composite interest or earnings rate in order to compute the interest or earnings credits on a member's omitted contributions in the guaranteed program or an alternate investment program. Requires employers to submit contributions and reports to PERF and TRF electronically after December 31, 2009, unless the employer obtains a waiver of the requirement for a period not to exceed two years. Allows the PERF and TRF boards to establish by rule due dates for employer contributions and reports. Increases from \$200 to \$1,000 the maximum amount in a member's annuity savings account (ASA) for purposes of suspending the member's fund membership and paying the ASA in a lump sum. Allows a vested member of TRF who terminates covered
(Continued next page)

Effective: July 1, 2009; January 1, 2010.

Niezgodski, Gutwein

(SENATE SPONSORS — KENLEY, KRUSE, DEIG, TALLIAN)

January 16, 2009, read first time and referred to Committee on Labor and Employment.
February 16, 2009, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.
February 19, 2009, amended, reported — Do Pass.
February 23, 2009, read second time, amended, ordered engrossed.
February 24, 2009, engrossed.
February 25, 2009, read third time, passed. Yeas 95, nays 3.

SENATE ACTION

March 3, 2009, read first time and referred to Committee on Pensions and Labor.
March 26, 2009, reported favorably — Do Pass; reassigned to Committee on Appropriations.
April 7, 2009, amended, reported favorably — Do Pass.
April 13, 2009, read second time, amended, ordered engrossed.

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employment to elect to withdraw the entire amount in the member's ASA before the member is eligible to do so at retirement and receive a pension at retirement. Requires PERF and TRF to adopt a policy to require direct deposit or another approved method as the preferred way for a member or beneficiary to receive benefits. Allows the PERF or TRF board (or a board designee) to waive the direct deposit requirement in certain circumstances. Requires that payment of an estimated retirement benefit be at least 85% of the actual benefit. (Currently, the payment must be 85% of the actual benefit.) Allows annual payment of a monthly benefit that does not exceed \$5. Provides that a member's application for retirement benefits is void, if, on or before the date the member files the application, the member has an agreement with a covered employer to become reemployed in a covered position. Eliminates the treasurer of state as the treasurer of PERF and reassigns the treasurer's duties to the PERF board and executive director. Provides that liability for a PERF member's unfunded service credit is charged against the employer's account. Specifies the date a TRF member returns to active teaching service or teacher education for purpose of earning military service credit. Repeals provisions concerning the treasurer of state's role as PERF treasurer. Provides for a thirteenth check for members, survivors, and beneficiaries of PERF.

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April 14, 2009

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1546

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 2-3.5-5-3 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. (a) The PERF board
3 shall establish alternative investment programs within the fund, based
4 on the following requirements:

5 (1) The PERF board shall maintain at least one (1) alternative
6 investment program that is an indexed stock fund and one (1)
7 alternative investment program that is a bond fund.

8 (2) The programs should represent a variety of investment
9 objectives.

10 (3) The programs may not permit a member to withdraw money
11 from the member's account, except as provided in section 6 of this
12 chapter.

13 (4) All administrative costs of each alternative program shall be
14 paid from the earnings on that program.

15 (5) A valuation of each member's account must be completed as
16 of:

17 (A) the last day of each quarter; or

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1 **(B) a time that the board may specify by rule.**

2 (b) A member shall direct the allocation of the amount credited to
3 the member among the available alternative investment funds, subject
4 to the following conditions:

5 (1) A member may make a selection or change an existing
6 selection under rules established by the PERF board. The PERF
7 board shall allow a member to make a selection or change any
8 existing selection at least once each quarter.

9 (2) The PERF board shall implement the member's selection
10 beginning the first day of the next calendar quarter that begins at
11 least thirty (30) days after the selection is received by the PERF
12 board **or an alternate date established by the rules of the**
13 **board.** This date is the effective date of the member's selection.

14 (3) A member may select any combination of the available
15 investment funds, in ten percent (10%) increments **or smaller**
16 **increments that may be established by the rules of the board.**

17 (4) A member's selection remains in effect until a new selection
18 is made.

19 (5) On the effective date of a member's selection, the board shall
20 reallocate the member's existing balance or balances in
21 accordance with the member's direction, based on the market
22 value on the effective date.

23 (6) If a member does not make an investment selection of the
24 alternative investment programs, the member's account shall be
25 invested in the PERF board's general investment fund.

26 (7) All contributions to the member's account shall be allocated
27 as of the last day of the quarter in which the contributions are
28 received **or at an alternate time established by the rules of the**
29 **board** in accordance with the member's most recent effective
30 direction. The PERF board shall not reallocate the member's
31 account at any other time.

32 (c) When a member transfers the amount credited to the member
33 from one (1) alternative investment program to another alternative
34 investment program, the amount credited to the member shall be
35 valued at the market value of the member's investment, as of the day
36 before the effective date of the member's selection **or an alternate**
37 **time established by the rules of the board.** When a member retires,
38 becomes disabled, dies, or withdraws from the fund, the amount
39 credited to the member shall be the market value of the member's
40 investment as of the last day of the quarter preceding the member's
41 distribution or annuitization at retirement, disability, death, or
42 withdrawal, plus contributions received after that date **or at an**

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alternate time established by rules of the board.

(d) The PERF board shall determine the value of each alternative program in the defined contribution fund, as of the last day of each calendar quarter, as follows:

(1) The market value shall exclude the employer contributions and employee contributions received during the quarter ending on the current allocation date.

(2) The market value as of the immediately preceding quarter end date shall include the employer contributions and employee contributions received during that preceding quarter.

(3) The market value as of the immediately preceding quarter end date shall exclude benefits paid from the fund during the quarter ending on the current quarter end date.

SECTION 2. IC 5-10.2-2-3, AS AMENDED BY P.L.2-2006, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. (a) The annuity savings account consists of:

(1) the members' contributions; and

(2) the interest credits on these contributions in the guaranteed fund or the gain or loss in market value on these contributions in the alternative investment program, as specified in section 4 of this chapter.

Each member shall be credited individually with the amount of the member's contributions and interest credits.

(b) Each board shall maintain the annuity savings account program in effect on December 31, 1995 (referred to in this chapter as the guaranteed program). In addition, the board of the Indiana state teachers' retirement fund shall establish and maintain a guaranteed program within the 1996 account. Each board may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other actions necessary to fulfill its duty as a fiduciary of the annuity savings account, subject to the limitations and restrictions set forth in IC 5-10.3-5-3 and IC 5-10.4-3-10.

(c) Each board shall establish alternative investment programs within the annuity savings account of the public employees' retirement fund, the pre-1996 account, and the 1996 account, based on the following requirements:

(1) Each board shall maintain at least one (1) alternative investment program that is an indexed stock fund and one (1) alternative investment program that is a bond fund.

(2) The programs should represent a variety of investment objectives under IC 5-10.3-5-3.

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(3) No program may permit a member to withdraw money from the member's account except as provided in IC 5-10.2-3 and IC 5-10.2-4.

(4) All administrative costs of each alternative program shall be paid from the earnings on that program or as may be determined by the rules of each board.

(5) **Except as provided in section 4(e) of this chapter,** a valuation of each member's account must be completed as of:

(A) the last day of each quarter; or

(B) another time as each board may specify by rule.

(d) The board must prepare, at least annually, an analysis of the guaranteed program and each alternative investment program. This analysis must:

(1) include a description of the procedure for selecting an alternative investment program;

(2) be understandable by the majority of members; and

(3) include a description of prior investment performance.

(e) A member may direct the allocation of the amount credited to the member among the guaranteed fund and any available alternative investment funds, subject to the following conditions:

(1) A member may make a selection or change an existing selection under rules established by each board. A board shall allow a member to make a selection or change any existing selection at least once each quarter.

(2) The board shall implement the member's selection beginning the first day of the next calendar quarter that begins at least thirty (30) days after the selection is received by the board or an alternate date established by the rules of each board. This date is the effective date of the member's selection.

(3) A member may select any combination of the guaranteed fund or any available alternative investment funds, in ten percent (10%) increments or smaller increments that may be established by the rules of each board.

(4) A member's selection remains in effect until a new selection is made.

(5) On the effective date of a member's selection, the board shall reallocate the member's existing balance or balances in accordance with the member's direction, based on:

(A) for an alternative investment program balance, the market value on the effective date; and

(B) for any guaranteed program balance, the account balance on the effective date.

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1 All contributions to the member's account shall be allocated as of
 2 the last day of that quarter or at an alternate time established by
 3 the rules of each board in accordance with the member's most
 4 recent effective direction. The board shall not reallocate the
 5 member's account at any other time.

6 (f) When a member who participates in an alternative investment
 7 program transfers the amount credited to the member from one (1)
 8 alternative investment program to another alternative investment
 9 program or to the guaranteed program, the amount credited to the
 10 member shall be valued at the market value of the member's
 11 investment, as of the day before the effective date of the member's
 12 selection or at an alternate time established by the rules of each board.
 13 When a member who participates in an alternative investment program
 14 retires, becomes disabled, dies, or suspends membership and withdraws
 15 from the fund, the amount credited to the member shall be the market
 16 value of the member's investment as of the last day of the quarter
 17 preceding the member's distribution or annuitization at retirement,
 18 disability, death, or suspension and withdrawal plus contributions
 19 received after that date or at an alternate time established by the rules
 20 of each board.

21 (g) When a member who participates in the guaranteed program
 22 transfers the amount credited to the member to an alternative
 23 investment program, the amount credited to the member in the
 24 guaranteed program is computed without regard to market value and is
 25 based on the balance of the member's account in the guaranteed
 26 program as of the last day of the quarter preceding the effective date of
 27 the transfer. However, each board may by rule provide for an alternate
 28 valuation date. When a member who participates in the guaranteed
 29 program retires, becomes disabled, dies, or suspends membership and
 30 withdraws from the fund, the amount credited to the member shall be
 31 computed without regard to market value and is based on the balance
 32 of the member's account in the guaranteed program as of the last day
 33 of the quarter preceding the member's distribution or annuitization at
 34 retirement, disability, death, or suspension and withdrawal, plus any
 35 contributions received since that date plus interest since that date.
 36 However, each board may by rule provide for an alternate valuation
 37 date.

38 SECTION 3. IC 5-10.2-2-4 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) **Except as**
 40 **provided in subsection (e),** interest shall be credited and compounded
 41 at least annually on all amounts credited to the member in the
 42 guaranteed program. For the guaranteed program, the board shall

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annually establish an interest credit rate equal to or less than the investment income earned.

(b) **Except as provided in subsection (e)**, the market value of each alternative investment program shall be allocated at least annually to the members participating in that program.

(c) Contributions to the guaranteed program and the alternative investment programs shall be invested as of the last day of the quarter in which the contributions are received **or at an alternate time established by the rules of each board**. Contributions to the guaranteed program shall begin to accumulate interest at the beginning of the quarter after the quarter in which the contributions are received **or at an alternate time established by the rules of each board**.

(d) When a member retires or withdraws with a balance in the guaranteed program, a proportional interest credit determined by the board shall be granted for the period elapsed since the last interest date on that balance.

(e) **This subsection applies whenever the board is required to establish an interest or earnings rate in order to credit interest or earnings to an omitted contribution to a member's annuity savings account. As used in this subsection, "omitted contribution" means a contribution that is contributed by or on behalf of a member under IC 5-10.3-7-9 or IC 5-10.4-4-11 and that is received by the board after the time required by IC 5-10.3-7-12.5 or IC 5-10.4-7-6(b)(1). Notwithstanding any law to the contrary, each board may by rule specify:**

(1) a single composite interest rate and the period to which the rate applies for the purpose of computing the interest credits on a member's contributions (including omitted contributions) in the guaranteed fund; and

(2) a single composite earnings rate for the gain or loss in market value for each alternative investment program and the period to which the rate applies for the purpose of computing the gain or loss in market value on a member's contributions (including omitted contributions) in the alternate investment program.

SECTION 4. IC 5-10.2-2-11, AS AMENDED BY P.L.72-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 11. (a) Based on the actuarial investigation and valuation in section 9 of this chapter, each board shall determine:

- (1) the normal contribution for the employer, which is the amount necessary to fund the pension portion of the retirement benefit;
- (2) the rate of normal contribution;

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(3) the unfunded accrued liability of the public employees' retirement fund, the pre-1996 account, and the 1996 account, which is the excess of total accrued liability over the fund's or account's total assets, respectively; and

(4) the rates of contribution for the state expressed as a proportion of compensation of members, which would be necessary to:

(A) amortize the unfunded accrued liability of the state for thirty (30) years or for a shorter time period requested by the budget agency or the governor; and

(B) prevent the state's unfunded accrued liability from increasing.

(b) Based on the information in subsection (a), each board may determine, in its sole discretion, contributions and contribution rates for individual employers or for a group of employers.

(c) The board's determinations under subsection (a):

(1) are subject to section 1.5 of this chapter; and

(2) for an employer making a contribution to the Indiana state teachers' retirement fund, may not include an amount for a retired member of the Indiana state teachers' retirement fund for whom the employer may not make contributions during the member's period of reemployment as provided under ~~IC 5-10.2-4-8(c)~~.

IC 5-10.2-4-8(d).

SECTION 5. IC 5-10.2-2-12.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 12.5. (a) This section applies to reports, records, and contributions submitted after December 31, 2009, by an employer.

(b) As used in this section, "electronic funds transfer" has the meaning set forth in IC 4-8.1-2-7(f).

(c) Except as provided in subsection (e), an employer shall submit through the use of electronic funds transfer:

(1) the employer contributions determined under section 11 of this chapter; and

(2) contributions paid by or on behalf of a member under IC 5-10.3-7-9 or IC 5-10.4-4-11.

(d) Except as provided in subsection (e), an employer shall submit in a uniform format through a secure connection over the Internet or through other electronic means specified by the board the reports and records described in:

(1) IC 5-10.3-7-12.5, for the public employees' retirement fund; or

(2) IC 5-10.4-7-6, for the Indiana state teachers' retirement

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(e) An employer that is unable to comply with either subsection (c) or (d), or both, may request that the board grant a waiver of the requirement of subsection (c) or (d), or both. The employer must:

(1) state the reason for requesting the waiver;

(2) provide a date, not to exceed two (2) years from the date the employer is first subject to either the electronic funds transfer requirement or the electronic reporting requirement of this section, by which the employer agrees to comply with the requirement of subsection (c) or (d), or both; and

(3) sign and verify the waiver form.

(f) The board may:

(1) grant the employer's request for a waiver; and

(2) specify the date by which the employer is required to comply with the electronic funds transfer requirement or the electronic reporting requirement, or both.

(g) The board shall establish a waiver form consistent with this section.

(h) The board may establish or amend its rules or policies as necessary to administer this section.

SECTION 6. IC 5-10.2-3-2, AS AMENDED BY P.L.72-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) Subject to IC 5-10.2-2-1.5, as used in this section, "compensation" means:

(1) the basic salary earned by and paid to the member; plus

(2) the amount that would have been a part of the basic salary earned and paid except for the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code.

(b) Except in cases where:

(1) the contribution is made on behalf of the member; or

(2) a retired member of the Indiana state teachers' retirement fund may not make contributions during a period of reemployment as provided under ~~IC 5-10.2-4-8(c)~~, **IC 5-10.2-4-8(d)**;

each member shall, as a condition of employment, contribute to the fund three percent (3%) of his the member's compensation.

(c) Except as provided under ~~IC 5-10.2-4-8(c)~~, **IC 5-10.2-4-8(d)**, a member of a fund may make contributions to the member's annuity savings account in addition to the contributions required under subsection (b). The total amount of contributions that may be made to a member's annuity savings account with respect to a payroll period under this subsection may not exceed ten percent (10%) of the

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member's compensation for that payroll period. The contributions made under this subsection may be picked-up and paid by an employer as provided in subsection (d).

(d) In compliance with rules adopted by each board, an employer, under Section 414(h)(2) of the Internal Revenue Code, may pick-up and pay the contributions under subsection (c), subject to approval of the board and to the board's receipt of a favorable private letter ruling from the Internal Revenue Service. The employer shall reduce the member's compensation by an amount equal to the amount of the member's contributions under subsection (c) that are picked-up by the employer. Each board shall by rule establish the procedural requirements for employers to carry out the pick-up in compliance with Section 414(h)(2) of the Internal Revenue Code.

(e) A member's contributions and interest credits belong to the member and do not belong to the state or political subdivision.

SECTION 7. IC 5-10.2-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. ~~Suspension of Membership.~~ (a) A member who is not eligible for retirement or disability retirement may suspend ~~his the member's~~ membership if ~~he the member~~ terminates employment.

(b) After five (5) continuous years in which ~~he the member~~ performs no service, ~~his the member's~~ membership shall be automatically suspended by the board unless ~~he is the member has~~ vested status.

(c) The board may suspend a member's membership in the fund if:

- (1) the member has not performed any service in a covered position during the past two (2) years;
- (2) the member has not attained vested status in the fund; and
- (3) the value of the member's annuity savings account is not more than ~~two hundred one thousand~~ dollars (~~\$200~~). **(\$1,000).**

(d) On resuming service the member may claim as creditable service the period of employment before the suspension of membership, but only to the extent that the same period of employment is not being used by another governmental plan for purposes of the member's benefit in the other governmental plan.

SECTION 8. IC 5-10.2-3-6.5, AS ADDED BY P.L.115-2008, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6.5. (a) This section applies:

- (1) after December 31, 2008, to a member of the public employees' retirement fund; **and**
- (2) **after June 30, 2009, to a member of the Indiana state teachers' retirement fund.**

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(b) A member who meets all of the following requirements may elect to withdraw the entire amount in the member's annuity savings account before the member is eligible to do so at retirement under IC 5-10.2-4-2:

(1) The member has attained vested status in the fund.

(2) The member terminates employment **with the applicable fund after the date specified in subsection (a).**

(3) The member has not performed any service in a position covered by the fund for at least ninety (90) days after the date the member terminates employment.

(c) A member who elects to withdraw the entire amount in the member's annuity savings account under subsection (b) shall provide notice of the election on a form provided by the board.

(d) The election to withdraw the entire amount in the member's annuity savings account is irrevocable.

(e) The board shall pay the amount in the member's annuity savings account as a lump sum.

(f) Except as provided in subsection (g), a member who makes a withdrawal under this section is entitled to receive, when the member becomes eligible to receive a retirement benefit under IC 5-10.2-4, a retirement benefit equal to the pension provided by employer contributions computed under IC 5-10.2-4.

(g) A member who:

(1) transfers creditable service earned under the fund to another governmental retirement plan under section 1(i) of this chapter; and

(2) withdraws the member's annuity savings account under this section to purchase the service;

may not use the transferred service in the computation of a retirement benefit payable under subsection (f).

SECTION 9. IC 5-10.2-3-7.5, AS AMENDED BY P.L.99-2007, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7.5. (a) A surviving dependent or surviving spouse of a member who dies in service is entitled to a survivor benefit if:

(1) the member dies after March 31, 1990;

(2) the member has:

(A) at least ten (10) years of creditable service, if the member died in service as a member of the general assembly;

(B) at least fifteen (15) years of creditable service, if the member died in service in any other position covered by the retirement fund; or

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- 1 (C) at least ten (10) years but not more than fourteen (14)
 2 years of creditable service if the member:
 3 (i) was at least sixty-five (65) years of age; and
 4 (ii) died in service in a position covered by the teachers'
 5 retirement fund; and
 6 (3) the surviving dependent or surviving spouse qualifies for a
 7 survivor benefit under subsection (b) or (c).
 8 (b) If a member described in subsection (a) dies with a surviving
 9 spouse who was married to the member for at least two (2) years, the
 10 surviving spouse is entitled to a survivor benefit equal to the monthly
 11 **pension** benefit that would have been payable to the spouse under the
 12 joint and survivor option of IC 5-10.2-4-7 upon the member's death
 13 following retirement at:
 14 (1) fifty (50) years of age; or
 15 (2) the actual date of death;
 16 whichever is later. However, benefits payable under this subsection are
 17 subject to subsections (e) and (g).
 18 (c) If a member described in subsection (a) dies without a surviving
 19 spouse who was married to the member for at least two (2) years, but
 20 with a surviving dependent, the surviving dependent is entitled to a
 21 survivor benefit in a monthly amount equal to the actuarial equivalent
 22 of the monthly **pension** benefit that would have been payable to the
 23 spouse (assuming the spouse would have had the same birth date as the
 24 member) under the joint and survivor option of IC 5-10.2-4-7 upon the
 25 member's death following retirement at:
 26 (1) fifty (50) years of age; or
 27 (2) the actual date of death;
 28 whichever is later. If there are two (2) or more surviving dependents,
 29 the actuarial equivalent of the benefit described in this subsection shall
 30 be calculated and, considering the dependents' attained ages, an equal
 31 dollar amount shall be determined as the monthly **pension** benefit to be
 32 paid to each dependent. Monthly **pension** benefits under this
 33 subsection are payable until the date the dependent becomes eighteen
 34 (18) years of age or dies, whichever is earlier. However, if a dependent
 35 has a permanent and total disability (using disability guidelines
 36 established by the Social Security Administration) at the date the
 37 dependent reaches eighteen (18) years of age, the monthly **pension**
 38 benefit is payable until the date the dependent no longer has a disability
 39 (using disability guidelines established by the Social Security
 40 Administration) or dies, whichever is earlier. Benefits payable under
 41 this subsection are subject to subsections (e) and (g).
 42 (d) **This subsection applies if a member did not designate a**

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beneficiary or the designated beneficiary does not survive the member. Except as provided in subsections (e) and (h), the surviving spouse or surviving dependent of a member who is entitled to a survivor benefit under subsection (b) or (c) or section 7.6 of this chapter may elect to receive a lump sum payment of the total amount credited to the member in the member's annuity savings account or an amount equal to the member's federal income tax basis in the member's annuity savings account as of December 31, 1986. A surviving spouse or surviving dependent who makes such an election is not entitled to an annuity as part of the survivor benefit under subsection (b) or (c) or section 7.6 of this chapter to the extent of the lump sum payment.

(e) If a member ~~described in subsection (a) or section 7.6(a) of this chapter~~ is survived by a designated beneficiary, ~~who is not a surviving spouse or surviving dependent entitled to a survivor benefit under subsection (b) or (c) or section 7.6 of this chapter~~, the following provisions apply:

(1) If the member is survived by one (1) designated beneficiary, the designated beneficiary is entitled to receive in a lump sum or over a period of up to five (5) years, as elected by the designated beneficiary, the amount credited to the member's annuity savings account, less any disability benefits paid to the member.

(2) If the member is survived by two (2) or more designated beneficiaries, the designated beneficiaries are entitled to receive in a lump sum or over a period of up to five (5) years, as elected by the designated beneficiary, equal shares of the amount credited to the member's annuity savings account, less any disability benefits paid to the member.

(3) If the member is also survived by a spouse or dependent who is entitled to a survivor benefit under subsection (b) or (c) or section 7.6 of this chapter, the surviving spouse or dependent is not entitled to an annuity or a lump sum payment as part of the survivor benefit, unless the surviving spouse or dependent is also a designated beneficiary.

(f) If a member dies:

(1) without a surviving spouse or surviving dependent who qualifies for survivor benefits under subsection (b) or (c) or section 7.6 of this chapter; and

(2) without a surviving designated beneficiary who is entitled to receive the member's annuity savings account under subsection (e);

the amount credited to the member's annuity savings account, less any disability benefits paid to the member, shall be paid to the member's

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1 estate.

2 (g) Survivor benefits payable under this section or section 7.6 of this
3 chapter shall be reduced by any disability benefits paid to the member.

4 (h) Additional annuity contributions, if any, shall not be included in
5 determining survivor benefits under subsection (b) or (c) or section 7.6
6 of this chapter, but are payable in a lump sum payment to:

7 (1) the member's surviving designated beneficiary; or

8 (2) the member's estate, if there is no surviving designated
9 beneficiary.

10 (i) Survivor benefits provided under this section or section 7.6 of
11 this chapter are subject to IC 5-10.2-2-1.5.

12 (j) A benefit specified in this section shall be forfeited and credited
13 to the member's retirement fund if no person entitled to the benefit
14 claims it within three (3) years after the member's death. However, the
15 board may honor a claim that is made more than three (3) years after
16 the member's death if the board finds, in the board's discretion, that:

17 (1) the delay in making the claim was reasonable or other
18 extenuating circumstances justify the award of the benefit to the
19 claimant; and

20 (2) paying the claim would not cause a violation of the applicable
21 Internal Revenue Service rules.

22 SECTION 10. IC 5-10.2-4-1.2 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.2. ~~The public~~
24 ~~employees' retirement~~ (a) Each fund shall adopt a policy that

25 ~~(1) promotes~~ **requires** direct deposit ~~or another method~~
26 **approved by the board** as the preferred way for members and
27 beneficiaries to receive monthly benefits. ~~and~~

28 ~~(2) strongly encourages members and beneficiaries who apply for~~
29 ~~benefits to receive their monthly benefits by direct deposit.~~

30 (b) ~~A member or beneficiary who does not wish to have~~
31 ~~payments to the person deposited by direct deposit or another~~
32 ~~method approved by the board under subsection (a) may request~~
33 ~~the board or a designee of the board to grant a waiver of the~~
34 ~~requirement of direct deposit or another method approved by the~~
35 ~~board. The member or beneficiary must:~~

36 (1) ~~state the reason to the board for requesting the waiver;~~
37 ~~and~~

38 (2) ~~sign a waiver form.~~

39 (c) ~~The board or a designee of the board shall grant the~~
40 ~~member's or beneficiary's request for a waiver, approval of which~~
41 ~~shall not be unreasonably denied, if any of the following apply:~~

42 (1) ~~The member or beneficiary currently does not have a~~

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savings or checking account.

(2) The member or beneficiary is unable to establish a savings or checking account within the geographic area of the home of the member or beneficiary without payment of a service fee. In support of this reason, the member or beneficiary must submit a written statement of the inability to establish the account without the payment of a fee with the waiver request.

(3) The home of the member or beneficiary is too remote to have access to a financial institution where direct deposit or another method approved by the board may be made.

(4) The financial institution of the member or beneficiary is unable to:

(A) accept direct deposit or another method approved by the board; or

(B) process electronic withdrawal.

The member or beneficiary must submit with the waiver a written statement from the financial institution of the member or beneficiary that the financial institution is unable to accept direct deposit or another method approved by the board or process electronic withdrawal.

(5) The board determines that the facts of the particular case warrant a waiver of the requirement of direct deposit or another method approved by the board.

(d) The policy of the board must provide that a member or beneficiary in pay status as of July 1, 2009, receiving monthly benefits in a manner other than direct deposit or another method approved by the board shall not have the monthly benefits stopped for receiving monthly benefits in a manner other than direct deposit or another method approved by the board.

SECTION 11. IC 5-10.2-4-1.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.4. (a) This section applies to a member or a beneficiary of the ~~public employees' retirement~~ fund who receives a monthly benefit by direct deposit.

(b) The fund shall furnish to the member or beneficiary:

(1) before each change in the amount of the member's or beneficiary's benefit; or

(2) once every twelve (12) months, if the member's or beneficiary's benefit amount does not change;

a written notice showing the member's or beneficiary's benefit amount, including any cost of living increase or other adjustment to the benefit amount, and a summary of the member's or beneficiary's benefit payment history since the member's or beneficiary's last written notice.

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SECTION 12. IC 5-10.2-4-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.5. (a) A fund may calculate and pay an estimated retirement benefit of the pension portion to a member if:

(1) the member has applied for a retirement benefit and has chosen a retirement date on which the retirement benefit is to begin;

(2) the member's membership records are incomplete or have not been certified; and

(3) the member's membership records that have been submitted to the fund establish that the member is entitled to a retirement benefit.

(b) **After June 30, 2009, if a fund may calculate calculates and pays an estimated benefit under this section, based on the estimated benefit must be at least** eighty-five percent (85%) of the pension portion of the benefit determined under the fund's records on service and compensation information.

(c) If an estimated benefit is paid to a member under this section, the fund shall, after all membership records have been submitted to the fund and certified, determine the actual retirement benefit to which the member is entitled. After determining the actual retirement benefit to which the member is entitled, the fund shall temporarily adjust the actual retirement benefit that is paid to the member to reconcile any underpayment or overpayment of benefits to the member that resulted from the payment of estimated benefits. The fund may make the temporary adjustment to the member's actual retirement benefit over a reasonable time, as determined by the board.

SECTION 13. IC 5-10.2-4-2, AS AMENDED BY P.L.115-2008, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010]: Sec. 2. (a) Unless a member elects otherwise under this section or has elected to withdraw the member's annuity savings account under IC 5-10.2-3-6.5, the retirement benefit for each member consists of the sum of a pension provided by employer contributions plus an annuity provided by the amount credited to the member in the annuity savings account. If a member has elected to withdraw the member's annuity savings account under IC 5-10.2-3-6.5, the member's retirement benefit is equal to the pension provided by employer contributions, unless the member has transferred the creditable service earned under the public employees' retirement fund to another governmental retirement plan under IC 5-10.2-3-1(i). **Regardless of a member's election under this section, contributions totaling not more than one thousand dollars (\$1,000) that are**

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1 **posted to a member's annuity savings account after the final date**
 2 **on which the member's retirement benefit is processed may be**
 3 **distributed to the member as a lump sum payment.**

4 (b) If a member has not elected to withdraw the entire amount in the
 5 member's annuity savings account under IC 5-10.2-3-6.5, a member
 6 may choose at retirement or upon a disability retirement to receive a
 7 distribution of:

8 (1) the entire amount credited to the member in the annuity
 9 savings account; or

10 (2) an amount equal to the member's federal income tax basis in
 11 the member's annuity savings account balance as it existed on
 12 December 31, 1986.

13 If the member chooses to receive the distribution under subdivision (1),
 14 the member is not entitled to an annuity as part of the retirement or
 15 disability benefit. If the member chooses to receive the distribution
 16 under subdivision (2), the member is entitled to an annuity purchasable
 17 by the amount remaining in the member's annuity savings account after
 18 the payment under subdivision (2).

19 (c) Instead of choosing to receive the benefits described in
 20 subsection (a) or (b), if a member has not elected to withdraw the entire
 21 amount in the member's annuity savings account under IC 5-10.2-3-6.5,
 22 a member may choose upon retirement or upon disability retirement to
 23 begin receiving a pension provided by employer contributions and to
 24 defer receiving in any form the member's annuity savings account. If
 25 a member chooses this option, the member:

26 (1) is not entitled to an annuity as part of the member's retirement
 27 or disability benefit, and the member's annuity savings account
 28 will continue to be invested according to the member's direction
 29 under IC 5-10.2-2-3; and

30 (2) may later choose, as of the first day of a month, or an alternate
 31 date established by the rules of each board, to receive a
 32 distribution of:

33 (A) the entire amount credited to the member in the annuity
 34 savings account; or

35 (B) an amount equal to the member's federal income tax basis
 36 in the member's annuity savings account balance as it existed
 37 on December 31, 1986.

38 If the member chooses to receive the distribution under subdivision
 39 (2)(A), the member is not entitled to an annuity as part of the member's
 40 retirement or disability benefit. If the member chooses to receive the
 41 distribution under subdivision (2)(B), the member is entitled to an
 42 annuity purchasable by the amount remaining in the member's annuity

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savings account after the payment under subdivision (2)(B). If the member does not choose to receive a distribution under this subsection, the member is entitled to an annuity purchasable by the entire amount in the member's annuity savings account, and the form of the annuity shall be as described in subsection (d) unless the member elects an option described in section 7(b)(1), 7(b)(2), or 7(b)(4) of this chapter. The amount to be paid under this section shall be determined in the manner described in IC 5-10.2-2-3. ~~except that it shall be determined as of the last day of the quarter preceding the member's actual distribution or annuitization date.~~ However, each board may by rule provide for an alternate valuation date.

(d) Retirement benefits must be distributed in a manner that complies with Section 401(a)(9) of the Internal Revenue Code, as specified in IC 5-10.2-2-1.5.

SECTION 14. IC 5-10.2-4-7, AS AMENDED BY P.L.115-2008, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. (a) Benefits provided under this section are subject to IC 5-10.2-2-1.5.

(b) A member who retires is entitled to receive monthly retirement benefits, which are guaranteed for five (5) years or until the member's death, whichever is later. A member may select in writing any of the following nonconflicting options for the payment of the member's retirement benefits instead of the five (5) year guaranteed retirement benefit payments. The amount of the optional payments shall be determined under rules of the board and shall be the actuarial equivalent of the benefit payable under sections 4, 5, and 6 of this chapter. A member who has elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5 may not select the cash refund annuity option.

(1) Joint and Survivor Option.

(A) The member receives a decreased retirement benefit during the member's lifetime, and there is a benefit payable after the member's death to a designated beneficiary during the lifetime of the beneficiary, which benefit equals, at the option of the member, either the full decreased retirement benefit or two-thirds (2/3) or one-half (1/2) of that benefit.

(B) If the member dies before retirement, the designated beneficiary may receive only the amount credited to the member in the annuity savings account unless the designated beneficiary is entitled to survivor benefits under IC 5-10.2-3.

(C) If the designated beneficiary dies before the member retires, the selection is automatically canceled and the member

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- 1 may make a new beneficiary election and may elect a different
2 form of benefit under this subsection.
- 3 (2) Benefit with No Guarantee. The member receives an increased
4 lifetime retirement benefit without the five (5) year guarantee
5 specified in this subsection.
- 6 (3) Integration with Social Security. If the member retires before
7 the age of eligibility for Social Security benefits, in order to
8 provide a level benefit during the member's retirement the
9 member receives an increased retirement benefit until the age of
10 Social Security eligibility and decreased retirement benefits after
11 that age.
- 12 (4) Cash Refund Annuity. The member receives a lifetime annuity
13 purchasable by the amount credited to the member in the annuity
14 savings account, and the member's designated beneficiary
15 receives a refund payment equal to:
- 16 (A) the total amount used in computing the annuity at the
17 retirement date; minus
- 18 (B) the total annuity payments paid and due to the member
19 before the member's death.
- 20 (c) This subsection does not apply to a member of the Indiana state
21 teachers' retirement fund after June 30, 2007, or to a member of the
22 public employees' retirement fund after June 30, 2008. If:
- 23 (1) the designated beneficiary dies while the member is receiving
24 benefits; or
- 25 (2) the member is receiving benefits, the member marries, either
26 for the first time or following the death of the member's spouse,
27 after the member's first benefit payment is made, and the
28 member's designated beneficiary is not the member's current
29 spouse or the member has not designated a beneficiary;
- 30 the member may elect to change the member's designated beneficiary
31 or form of benefit under subsection (b) and to receive an actuarially
32 adjusted and recalculated benefit for the remainder of the member's life
33 or for the remainder of the member's life and the life of the newly
34 designated beneficiary. The member may not elect to change to a five
35 (5) year guaranteed form of benefit. If the member's new election is the
36 joint and survivor option, the member shall indicate whether the
37 designated beneficiary's benefit shall equal, at the option of the
38 member, either the member's full recalculated retirement benefit or
39 two-thirds (2/3) or one-half (1/2) of this benefit. The cost of
40 recalculating the benefit shall be borne by the member and shall be
41 included in the actuarial adjustment.
- 42 (d) Except as provided in subsection (c) or section 7.2 of this

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chapter, a member who files for regular or disability retirement may not change:

- (1) the member's retirement option under subsection (b);
- (2) the selection of a lump sum payment under section 2 of this chapter; or
- (3) the beneficiary designated on the member's application for benefits if the member selects the joint and survivor option under subsection (b)(1);

after the first day of the month in which benefit payments are scheduled to begin. For purposes of this subsection, it is immaterial whether a benefit check has been sent, received, or negotiated.

(e) A member may direct that the member's retirement benefits be paid to a revocable trust that permits the member unrestricted access to the amounts held in the revocable trust. The member's direction is not an assignment or transfer of benefits under IC 5-10.3-8-10 or IC 5-10.4-5-14.

(f) Whenever the amount of a monthly retirement benefit to be paid to a member is not more than five dollars (\$5), each board may adopt a policy to permit annual payment of the member's retirement benefit.

SECTION 15. IC 5-10.2-4-8, AS AMENDED BY P.L.130-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) **Subject to subsection (f)**, if a member who is receiving retirement benefits becomes reemployed in a position covered by this article more than thirty (30) days after the member's retirement, the member's retirement benefit payments continue. Except for a member of the Indiana state teachers' retirement fund who is reemployed more than thirty (30) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund, the member shall begin making contributions as required in IC 5-10.2-3-2, and the member's employer shall make contributions throughout the member's period of reemployment.

(b) If a member who is receiving retirement benefits is reemployed in a position covered by this article not more than thirty (30) days after the member's retirement, the member's retirement benefits shall stop, the member shall begin making contributions as required by IC 5-10.2-3-2, and employer contributions shall be made throughout the period of reemployment.

(c) This subsection does not apply to a member of the Indiana state teachers' retirement fund who is reemployed more than thirty (30) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund. If a retired member is reemployed in a

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position covered by this article, section 10 of this chapter applies to the member upon the member's retirement from reemployment.

(d) **Subject to subsection (f)**, the following apply to a member of the Indiana state teachers' retirement fund who is reemployed more than thirty (30) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund:

(1) The member's retirement benefit payments continue during the member's period of reemployment without regard to the amount of the member's earnings from the covered position.

(2) The member may not make contributions under IC 5-10.2-3-2 or IC 5-10.4-4-11 during the member's period of reemployment.

(3) The member's employer may not make contributions under IC 5-10.2-2-11 or IC 5-10.4-4-11 for or on behalf of the member during the member's period of reemployment.

(4) The member does not earn creditable service under IC 5-10.2-3-1 for the member's period of reemployment.

(5) The member is not entitled to an additional benefit under sections 9 and 10 of this chapter for the member's period of reemployment.

(e) The thirty (30) day period provided for in this section may be implemented unless the board of trustees of the fund receives a determination from the Internal Revenue Service prohibiting the implementation.

(f) After July 31, 2009, if, on or before the date the member files an application for retirement benefits under this article, a member has a formal or informal agreement with an employer covered by this article to become reemployed in a position covered by this article after the member's retirement, regardless of the time frame between the member's retirement and the member's reemployment, the member's application for retirement benefits is void, and the following apply to the member's continued employment:

(1) If a member received a retirement benefit:

(A) the member's retirement benefit shall stop; and

(B) the member shall repay the amount of the retirement benefit received.

(2) The member shall make contributions as required by IC 5-10.2-3-2 throughout the period of the member's continued employment.

(3) Employer contributions shall be made throughout the period of the member's continued employment.

(4) The member shall earn creditable service under

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1 **IC 5-10.2-3-1 for the member's continued employment.**

2 **(5) When the period of the member's continued employment**
 3 **terminates, the member may again file an application for**
 4 **retirement benefits under this chapter.**

5 SECTION 16. IC 5-10.3-3-9 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. (a) The director is
 7 the executive officer in charge of the administration of the fund's
 8 detailed affairs.

9 (b) The director shall:

10 **(1) maintain a record of the board's proceedings;**

11 **(2) be responsible for the safekeeping of the books and records**
 12 **of the funds administered by the board;**

13 ~~(1) (3) receipt for payments made to the fund funds administered~~
 14 **by the board and deposit them these payments with the treasurer**
 15 ~~of state or a custodian for the fund's account;~~

16 ~~(2) (4) sign vouchers for the payment of money from the fund~~
 17 **funds administered by the board as authorized by the board;**

18 ~~(3) perform other duties assigned by the board; and~~

19 ~~(4) (5) execute a corporate surety bond in an amount specified by~~
 20 ~~the board, the premium on the bond to be paid by the board; and~~

21 **(6) perform other duties assigned by the board.**

22 SECTION 17. IC 5-10.3-5-4 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) Securities shall
 24 be held for the fund by banks or trust companies under a custodial
 25 agreement. Income, interest, proceeds of sale, materials, redemptions,
 26 and all other receipts from securities and other investments which the
 27 board retains for the cash working balance shall be deposited ~~with the~~
 28 ~~treasurer of state. as authorized by the board.~~

29 (b) The board may contract with investment counsel, trust
 30 companies, or banks to assist the board in its investment program.

31 SECTION 18. IC 5-10.3-6-7 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. ~~Collection of~~
 33 ~~Payments.~~ (a) If the employer or political subdivision fails to make
 34 payments required by this chapter, the amount payable may be:

35 **(1) withheld by the auditor of state from moneys payable to the**
 36 **employer or subdivision and transferred to the fund; or**

37 **(2) recovered in a suit in the circuit or superior court of the county**
 38 **in which the political subdivision is located. which The suit shall**
 39 **be an action by the state on the relation of the board, prosecuted**
 40 **by the attorney general.**

41 **(b) If:**

42 **(1) service credit is verified for a member who has filed an**

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1 application for retirement benefits; and

2 (2) the member's employer at the time the service credit was
3 earned has not made contributions for or on behalf of the
4 member for the service credit;

5 liability for the unfunded service credit shall be charged against
6 the employer's account and collected by the fund as provided in
7 subsection (a). Processing of a member's application for retirement
8 benefits may not be delayed by an employer's failure to make
9 contributions for the service credit earned by the member while
10 the member was employed by the employer.

11 (c) If the employer or political subdivision fails to file the reports or
12 records required by this chapter or by IC 5-10.3-7-12.5, the auditor of
13 state shall:

14 (1) withhold the penalty described in IC 5-10.3-7-12.5 from
15 money payable to the employer or the political subdivision; and
16 ~~shall~~

17 (2) transfer the penalty to the fund.

18 SECTION 19. IC 5-10.3-7-12.5 IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 12.5. (a) An employer
20 or department ~~must~~ **shall** make the reports, membership records, or
21 payments required by IC 5-10.3-6 or by sections 10 through 12 of this
22 chapter:

23 (1) not more than thirty (30) days after the end of the calendar
24 quarter, if applicable; ~~or~~

25 (2) another due date specified in sections 10 through 12 of this
26 chapter; **or**

27 (3) **an alternate due date established by the rules of the board.**

28 (b) If the employer or department does not make the reports,
29 records, or payments within ~~that the~~ **time specified in subsection (a):**

30 (1) the board may fine the employer or department one hundred
31 dollars (\$100) for each additional day that the reports, records, or
32 payments are late, to be withheld under IC 5-10.3-6-7; and

33 (2) if the employer or department is habitually late, as determined
34 by the board, the board shall report the employer or the
35 department to the auditor of state for additional withholding under
36 IC 5-10.3-6-7.

37 (c) **After December 31, 2009, an employer or department shall**
38 **submit:**

39 (1) **the reports and records described in subsection (a) in a**
40 **uniform format through a secure connection over the Internet**
41 **or through other electronic means specified by the board in**
42 **accordance with IC 5-10.2-2-12.5; and**

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1 (2) both:

2 (A) employer contributions determined under
3 IC 5-10.2-2-11; and

4 (B) contributions paid by or on behalf of a member under
5 section 9 of this chapter;

6 by electronic funds transfer in accordance with
7 IC 5-10.2-2-12.5.

8 SECTION 20. IC 5-10.3-8-8 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. ~~Payment of the~~
10 ~~Retirement Benefit. Except as provided under IC 5-10.2-4-7(f),~~ the
11 retirement benefit is payable in equal monthly installments. The benefit
12 may not be increased, decreased, revoked or repealed except for error
13 or by action of the general assembly.

14 SECTION 21. IC 5-10.4-3-9, AS ADDED BY P.L.2-2006,
15 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JULY 1, 2009]: Sec. 9. (a) The board is responsible for the fund's
17 property. The board may take and hold any property given outright or
18 on condition to the fund and shall perform the conditions accepted.
19 Unless restricted by a condition, the board may transfer the property
20 when necessary for the fund's benefit.

21 (b) The board shall receipt:

22 (1) property belonging to or coming into the fund and shall
23 judiciously invest the property; and

24 (2) money coming into the fund and, except as specified in
25 sections 13 and 14 of this chapter, shall deposit the money with
26 the state treasurer in the manner required of other state funds by
27 ~~IC 5-13-13~~ as authorized by the board.

28 (c) The board shall make quarterly reports to the auditor of state as
29 required by law for the transference of the fund to the auditor of state's
30 books.

31 ~~(d)~~ (c) The board shall direct the fund's disbursements on itemized
32 vouchers to the auditor of state approved by the president of the board
33 and the director or, in the absence or incapacity of both officers, by
34 another trustee directed by order of the board. ~~The auditor of state then~~
35 ~~shall issue a warrant on the treasurer of state.~~

36 SECTION 22. IC 5-10.4-3-14, AS ADDED BY P.L.2-2006,
37 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 JULY 1, 2009]: Sec. 14. All income and other receipts from securities
39 may be:

40 (1) collected by the custodian bank or safekeeping bank approved
41 for that purpose by the board and deposited in the custodial
42 account or a checking account of the board;

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(2) reinvested from the custodial account or checking account when the board determines that the receipts may be safely invested; or

(3) withdrawn by the board for the immediate needs of the fund from the checking account or custodial account. ~~and then deposited with the treasurer of state, as required for other money coming into the fund.~~

SECTION 23. IC 5-10.4-4-8, AS AMENDED BY P.L.201-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) This subsection applies to a member who retires before July 1, 1980. A member who had completed four (4) years of approved college teacher education before voluntary or involuntary induction into the military services is entitled to credit for that service as if the member had begun teaching before the induction. A member who serves in military service is considered a teacher and is entitled to the benefits of the fund if before or during the leave of absence the member pays into the fund the member's contributions. Time served by a member in military service for the duration of the hostilities or for the length of active service in the hostilities and the necessary demobilization time after the hostilities is not subject to the one-seventh rule set forth in section 7 of this chapter.

(b) This subsection applies to a member who retires after June 30, 1980. A member who completed four (4) years of approved college teacher education before voluntary or involuntary induction into military service is entitled to credit for the member's active military service as if the member had begun teaching before the induction. A member who serves in military service is considered a teacher and is entitled to the benefits of the fund if the following conditions are met:

(1) The member has an honorable discharge.

(2) Except as provided in subsection ~~(c)~~, (g), the member returns to active teaching service not later than twenty-four (24) months after the completion of active military service.

(3) The member has at least ten (10) years of in-state service credit.

The time served by a member in military service for the duration of the hostilities or for the length of active service in the hostilities and the necessary demobilization time after the hostilities is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(c) This subsection applies to a member who retires after May 1, 1989. A member who had begun but had not completed four (4) years

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of approved college teacher education before voluntary or involuntary induction into the military services is entitled to service credit in an amount equal to the duration of the member's active military service if the following conditions are met:

(1) The member has an honorable discharge.

(2) Except as provided in subsection ~~(e)~~, (g), the member returns to a four (4) year approved college teacher training program not later than twenty-four (24) months after the completion of active military service and subsequently completes that program.

(3) The member has at least ten (10) years of in-state service credit.

The time served by a member in active military service for the length of active service in the hostilities and the necessary demobilization is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(d) This subsection applies to a member who retires after May 1, 1991, and who is employed at a state educational institution. A member who had begun but had not completed baccalaureate or post-baccalaureate education before voluntary or involuntary induction into military service is entitled to the member's active military service credit for the member's active military service in an amount equal to the duration of the member's military service if the following conditions are met:

(1) The member received an honorable discharge.

(2) Except as provided in subsection ~~(e)~~, (g), the member returns to baccalaureate or post-baccalaureate education not later than twenty-four (24) months after completion of active military service and subsequently completes that education.

(3) The member has at least ten (10) years of in-state service credit.

The time served by a member in active military service for the length of active service in the hostilities and the necessary demobilization is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(e) For purposes of this section, a member returns to active teaching service on the earlier of:

(1) the date on which the member signs a teacher's contract;
or

(2) the date on which the member is first employed in a position covered by this article.

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1 **(f) For purposes of this section, a member returns to:**
 2 **(1) a teacher training program; or**
 3 **(2) baccalaureate or post-baccalaureate education;**
 4 **on the date the member registers or enrolls for classes that the**
 5 **member attends.**

6 ~~(e)~~ **(g)** The board shall extend the twenty-four (24) month deadline
 7 contained in subsection (b)(2), (c)(2), or (d)(2) if the board determines
 8 that an illness, an injury, or a disability related to the member's military
 9 service prevented the member from returning to active teaching service
 10 or to a teacher education program not later than twenty-four (24)
 11 months after the member's discharge from military service. However,
 12 the board may not extend the deadline beyond forty-eight (48) months
 13 after the member's discharge.

14 ~~(f)~~ **(h)** If a member retires and the board subsequently determines
 15 that the member is entitled to additional service credit due to the
 16 extension of a deadline under subsection ~~(e)~~; **(g)**, the board shall
 17 recompute the member's benefit. However, the additional service credit
 18 may be used only in the computation of benefits to be paid after the
 19 date of the board's determination, and the member is not entitled to a
 20 recomputation of benefits received before the date of the board's
 21 determination.

22 ~~(g)~~ **(i)** Notwithstanding any provision of this section, a member is
 23 entitled to military service credit and benefits in the amount and to the
 24 extent required by the federal Uniformed Services Employment and
 25 Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later
 26 amendments.

27 ~~(h)~~ **(j)** Subject to this section, an active member may purchase not
 28 more than two (2) years of service credit for the member's service on
 29 active duty in the armed services if the member meets the following
 30 conditions:

- 31 (1) The member has at least one (1) year of credited service in the
- 32 fund.
- 33 (2) The member serves on active duty in the armed services of the
- 34 United States for at least six (6) months.
- 35 (3) The member receives an honorable discharge from the armed
- 36 services.
- 37 (4) Before the member retires, the member makes contributions
- 38 to the fund as follows:
 - 39 (A) Contributions that are equal to the product of:
 - 40 (i) the member's salary at the time the member actually
 - 41 makes a contribution for the service credit;
 - 42 (ii) a rate, determined by the actuary of the fund, that is

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1 based on the age of the member at the time the member
 2 actually makes a contribution for service credit and
 3 computed to result in a contribution amount that
 4 approximates the actuarial present value of the benefit
 5 attributable to the service credit purchased; and
 6 (iii) the number of years of service credit the member
 7 intends to purchase.

8 (B) Contributions for any accrued interest, at a rate determined
 9 by the actuary of the fund, for the period from the member's
 10 initial membership in the fund to the date payment is made by
 11 the member.

12 However, a member is entitled to purchase service credit under this
 13 subsection only to the extent that service credit is not granted for that
 14 time under another provision of this section. At least ten (10) years of
 15 service in Indiana is required before a member may receive a benefit
 16 based on service credits purchased under this section. A member who
 17 terminates employment before satisfying the eligibility requirements
 18 necessary to receive a monthly allowance or receives a monthly
 19 allowance for the same service from another tax supported public
 20 employee retirement plan other than under the federal Social Security
 21 Act may withdraw the purchase amount plus accumulated interest after
 22 submitting a properly completed application for a refund to the fund.

23 ~~(j)~~ (k) The following apply to the purchase of service credit under
 24 subsection ~~(h)~~ (j):

25 (1) The board may allow a member to make periodic payments of
 26 the contributions required for the purchase of the service credit.
 27 The board shall determine the length of the period during which
 28 the payments must be made.

29 (2) The board may deny an application for the purchase of service
 30 credit if the purchase would exceed the limitations under Section
 31 415 of the Internal Revenue Code.

32 (3) A member may not claim the service credit for purposes of
 33 determining eligibility or computing benefits unless the member
 34 has made all payments required for the purchase of the service
 35 credit.

36 ~~(j)~~ (I) This subsection applies to a member who retires after June 30,
 37 2006. A member may not receive credit under this section for service
 38 for which the member receives service credit under the terms of a
 39 military or another governmental retirement plan.

40 SECTION 24. IC 5-10.4-4-10, AS ADDED BY P.L.2-2006,
 41 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2009]: Sec. 10. (a) The director shall obtain a designation of

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beneficiary as soon as possible from each member.

(b) **Notwithstanding a contrary collateral agreement, court order, process, attachment, or levy, the right to receive a death benefit under IC 5-10.2 or IC 5-10.4 vests with the designated beneficiary on file with the fund at the time of the member's death. The fund shall distribute the death benefit to the designated beneficiary or the designated beneficiary's estate in accordance with IC 5-10.2 and IC 5-10.4.**

SECTION 25. IC 5-10.4-5-9, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. (a) The fund shall make a member's first pension benefit payment not more than ninety (90) days after the date the member completes and files an application for retirement benefits.

(b) After the first pension benefit payment **and except as provided under IC 5-10.2-4-7(f)**, a person entitled to benefits shall receive a retirement benefit payment by the tenth day of each month.

SECTION 26. IC 5-10.4-5-13, AS AMENDED BY P.L.76-2008, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 13. (a) IC 5-10.2-4-8 ~~IC 5-10.2-4-9; and IC 5-10.2-4-10~~ **applies** to the reemployment of a retired member.

(b) ~~This subsection does not apply to a member who is reemployed more than thirty (30) days after the member's retirement in a position covered by the fund. For a retired member who withdraws from retirement status, resumes teaching, and again retires, the board shall pay the member, after the member's second or subsequent retirement, a monthly retirement benefit at least equal to the highest amount the retired member has received as a retirement benefit.~~

SECTION 27. IC 5-10.4-6-2, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) After July 9, 1949, a member receiving a retirement benefit under Acts 1915, c.182, or any statute amendatory of or supplemental to it enacted before January 1, 1949, is eligible, subject to Acts 1949, c.130, s.2(j), to receive a retirement benefit approximately equal to the state's proportionate share of a retirement benefit provided by Acts 1949, c.130 for up to thirty (30) years of service. These members shall make written application for these benefits to the board at any time. Applications must be based on the service record established in the office of the fund on April 1, 1949. **Except as provided by IC 5-10.2-4-7(f)**, this retirement benefit must begin on the tenth of the month following acknowledgment of the application.

(b) The board shall establish, with the advice of the fund's actuary,

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a simplified table for computing the increases under this section for the years of service. The board may provide by resolution for participation by the members receiving benefits under this section in the additional annuity fund.

(c) Within a reasonable time, the board shall issue to each member of the fund a service certificate that includes the following:

- (1) The member's name.
- (2) The member's last known address.
- (3) The member's account number.
- (4) The law under which the member is participating in the fund.
- (5) The contribution due from the member.
- (6) A certification of the total years of creditable service that the member has as of a date fixed by the board.

(d) The service certificate described in subsection (c) is final and conclusive regarding service in the fund. However, a member may, not later than one (1) year from the issuance or notification of the certificate, request that the board modify the member's service certificate.

SECTION 28. IC 5-10.4-7-6, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) As used in this section, "net contributions" means the gross amount of a member's contributions minus any refund paid or due a teacher.

(b) Not later than January 15, April 15, July 15, and October 15 of each year **or an alternate due date established by the rules of the board**, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall make an employer report as provided in section 7 of this chapter, on a form furnished by the board, to the board accompanied by a warrant for payment of:

- (1) the total net contributions to the fund made for or by the members in the preceding three (3) months; and
- (2) the employer contributions as required by section 11 of this chapter.

(c) Amendatory reports to correct errors or omissions may be required and made.

(d) After December 31, 2009, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall submit:

- (1) the employer report described in section 7 of this chapter in a uniform format through a secure connection over the Internet or through other electronic means specified by the**

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board in accordance with IC 5-10.2-2-12.5; and

(2) the:

(A) employer contributions; and

(B) contributions paid by or on behalf of a member;

described in subsection (b) by electronic funds transfer in accordance with IC 5-10.2-2-12.5.

SECTION 29. IC 5-10.4-7-7, AS AMENDED BY P.L.72-2007, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. (a) Not later than January 15, April 15, July 15, and October 15 of each year **or an alternate due date established by the rules of the board**, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall make a report to the board on a form furnished by the board and within the time set by the board. Amendatory reports to correct errors or omissions may be required and made.

(b) The report required by subsection (a) must include:

(1) the name of each member employed in the preceding reporting period, except substitute teachers;

(2) the total salary and other compensation paid for personal services to each member in the reporting period;

(3) the sum of contributions made for or by each member, except for a retired member who may not make contributions during a period of reemployment as provided under IC 5-10.2-4-8(e);

(4) the sum of employer contributions made by the school corporation or other institution, except for a retired member for whom or on whose behalf an employer may not make contributions during a period of reemployment as provided under IC 5-10.2-4-8(e);

(5) the number of days each member received salary or other compensation for teaching services; and

(6) any other information that the board determines necessary for the effective management of the fund.

(c) As often as the board determines necessary, the board may review or cause to be reviewed the pertinent records of any public entity contributing to the fund under this article.

SECTION 30. IC 5-10.4-7-10, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. (a) **Except as provided in subsection (b)**, the board shall maintain separate **reserve** accounts within the 1996 account for each school corporation.

(b) **If the board sets a group employer rate under**

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1 **IC 5-10.2-2-11(b), the board shall maintain separate reserve**
 2 **accounts within the 1996 account for each employer group.**

3 (c) Credits and charges to these accounts must be made as
 4 prescribed in IC 5-10.2-2.

5 SECTION 31. THE FOLLOWING ARE REPEALED [EFFECTIVE
 6 JULY 1, 2009]: IC 5-10.3-4-1; IC 5-10.3-4-2; IC 5-10.3-9-5.

7 SECTION 32. [EFFECTIVE JULY 1, 2009] (a) As used in this
 8 SECTION, "fund" refers to the public employees' retirement fund
 9 established by IC 5-10.3-2-1.

10 (b) Not later than October 1, 2009, the fund shall pay the
 11 amount determined under subsection (c) to a member of the fund
 12 (or to a survivor or beneficiary of a member) who retired or was
 13 disabled before January 1, 2009, and who is entitled to receive a
 14 monthly benefit on July 1, 2009. The amount is not an increase in
 15 the pension portion of the monthly benefit.

16 (c) The amount paid under this SECTION to a member of the
 17 fund (or to a survivor or beneficiary of a member) who meets the
 18 requirements of subsection (b) is determined as follows:

19 If a Member's	The Amount Is:
20 Creditable Service Is:	
21 At least 5 years, but less than 10 years	\$150
22 (only in the case of a member receiving	
23 disability retirement benefits)	
24 At least 10 years, but less than 20 years	\$275
25 At least 20 years, but less than 30 years	\$375
26 At least 30 years	\$450

27 (d) The creditable service used to determine the amount paid to
 28 a member (or to a survivor or beneficiary of the member) under
 29 this SECTION is the creditable service that was used to compute
 30 the member's retirement benefit under IC 5-10.2-4-4 except that
 31 partial years of creditable service may not be used to determine the
 32 amount paid under this SECTION.

33 (e) This SECTION expires January 1, 2010.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred House Bill 1546, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1546 as introduced.)

NIEZGODSKI, Chair

Committee Vote: yeas 9, nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1546, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 2. IC 5-10.2-1-8, AS AMENDED BY P.L.115-2008, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) ~~Except as provided in subsection (b);~~ For a member of:

(1) the Indiana state teachers' retirement fund; or

(2) the public employees' retirement fund who retires before January 1, 2010;

"vested status" as used in this article means the status of having ten (10) years of creditable service.

(b) For a member of the public employees' retirement fund who retires after December 31, 2010, "vested status" as used in this article means the status of having at least eight (8) years of creditable service.

~~(b)~~ (c) In the case of a person who is an elected county official whose governing body has provided for the county official's participation in the public employees' retirement fund under IC 5-10.3-7-2(1), "vested status" means the status of: ~~having:~~

(1) **having** at least eight (8) years of creditable service as an elected county official in an office described in IC 5-10.2-4-1.7;

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(2) **having** been elected at least two (2) times if the person would have had at least eight (8) years of creditable service as an elected county official in an office described in IC 5-10.2-4-1.7 had the person's term of office not been shortened under a statute enacted under Article 6, Section 2(b) of the Constitution of the State of Indiana; or

(3) **having:**

(A) **before January 1, 2011**, at least ten (10) years of creditable service; or

(B) **after December 31, 2010, at least eight (8) years of creditable service;**

as a member of the fund based on a combination of service as an elected county official and as a full-time employee in a covered position.

~~(c)~~ (d) In the case of a person whose term of office commences after the election on November 5, 2002, as auditor of state, secretary of state, or treasurer of state, and who is prohibited by Article 6, Section 1 of the Constitution of the State of Indiana from serving in that office for more than eight (8) years during any period of twelve (12) years, that person shall be vested with at least eight (8) years of creditable service as a member of the fund.

~~(d)~~ (e) This subsection applies to an individual elected to the office of treasurer of state at the election on November 7, 2006. The individual is vested for purposes of this article if the individual is reelected as treasurer of state at the 2010 general election and serves in the office until January 1, 2015."

Page 6, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 4. IC 5-10.2-3-1.2, AS AMENDED BY P.L.115-2008, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.2. (a) A member who:

(1) **before January 1, 2011**, has earned at least ten (10) years of service in a position covered by PERF, TRF, or a combination of the two (2) funds; or

(2) **after December 31, 2010, has earned:**

(A) **at least eight (8) years of service in a position covered by PERF; or**

(B) **at least ten (10) years of service in:**

(i) **a position covered by TRF; or**

(ii) **a combination of one (1) or more positions covered by PERF and one (1) or more positions covered by TRF;**

may purchase one (1) year of service credit for each five (5) years of service that the member has completed in a position covered by PERF

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or TRF.

(b) Before a member retires, a member who desires to purchase additional service credit under subsection (a) must contribute to the fund as follows:

- (1) Contributions that are equal to the product of the following:
 - (A) The member's salary at the time the member actually makes a contribution for the service credit.
 - (B) A rate, determined by the actuary for the fund, that is based on the age of the member at the time the member actually makes a contribution for the service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.
 - (C) The number of years of service credit the member intends to purchase.
- (2) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(c) The following apply to the purchase of service credit under this section:

- (1) The board may allow a member to make periodic payments of the contributions required for the purchase of service credit. The board shall determine the length of the period during which the payments must be made.
- (2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) A member may not claim the service credit for the purpose of computing benefits unless the member has made all payments required for the purchase of the service credit.
- (4) To the extent permitted by the Internal Revenue Code and applicable regulations, a member may purchase service credit under this section by a rollover distribution to the fund from any of the following:
 - (A) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
 - (B) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
 - (C) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the

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Internal Revenue Code.

(D) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(d) A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly benefit may withdraw the purchase amount, plus accumulated interest, after submitting a properly completed application for a refund to the fund. However, the member must also apply for a refund of the member's entire annuity savings account under section 6 or 6.5 of this chapter to be eligible for a refund of the member's rollover amount.

(e) For a member who is a state employee, the employer may pay all or a part of the member contributions required for the purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (c)(1), (c)(3), (c)(4), and (d) do not apply.

(f) For a member who is an employee of a participating political subdivision, the employer may adopt an ordinance to pay all or a part of the member contributions required for the purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (c)(1), (c)(3), (c)(4), and (d) do not apply.

SECTION 5. IC 5-10.2-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) This subsection applies to:

- (1) members of the public employees' retirement fund who retire before July 1, 1995; and
- (2) members of the Indiana state teachers' retirement fund who retire before May 2, 1989.

A member who has reached age sixty-five (65) and has at least ten (10) years of creditable service is eligible for normal retirement.

(b) This subsection applies to members of the Indiana state teachers' retirement fund who retire after May 1, 1989, and to members of the public employees' retirement fund who retire after June 30, 1995, **and before January 1, 2011**, except as provided in section 1.7 of this chapter. A member is eligible for normal retirement if:

- (1) the member is at least sixty-five (65) years of age and has at least ten (10) years of creditable service;
- (2) the member is at least sixty (60) years of age and has at least fifteen (15) years of creditable service; or
- (3) the member's age in years plus the member's years of service is at least eighty-five (85) and the member is at least fifty-five

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(55) years of age.

(c) This subsection applies to a member of the public employees' retirement fund who retires after December 31, 2010. A member is eligible for normal retirement if:

- (1) the member is at least sixty-five (65) years of age and has at least eight (8) years of creditable service;**
- (2) the member is at least sixty (60) years of age and has at least fifteen (15) years of creditable service; or**
- (3) the member's age in years plus the member's years of service is at least eighty-five (85) and the member is at least fifty-five (55) years of age.**

(c) (d) A member who has reached age fifty (50) and has at least fifteen (15) years of creditable service is eligible for early retirement with a reduced pension.

(d) (e) A member who is eligible for normal or early retirement is entitled to choose a retirement date on which the member's benefit begins if the following conditions are met:

- (1) The application for retirement benefits and the choice of the date is filed on a form provided by the board.
- (2) The date must be after the cessation of the member's service and be the first day of a month.
- (3) The retirement date is not more than six (6) months before the date the application is received by the board. However, if the board determines that a member is incompetent to file for benefits and choose a retirement date, the retirement date may be any date that is the first of the month after the time the member became incompetent.

SECTION 6. IC 5-10.2-4-1.7, AS AMENDED BY P.L.88-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.7. (a) This section applies only to members of the public employees' retirement fund who retire after June 30, 2002.

(b) A member is eligible for normal retirement after becoming sixty-five (65) years of age if the member:

- (1) has:
 - (A) served as an elected county official in an office described in Article 6, Section 2 of the Constitution of the State of Indiana for at least eight (8) years; or
 - (B) been elected at least two (2) times and would have served at least eight (8) years as an elected county official in an office described in Article 6, Section 2 of the Constitution of the State of Indiana had the member's term of office not been shortened under a statute enacted under Article 6, Section 2(b)

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of the Constitution of the State of Indiana; and
 (2) is prohibited by Article 6, Section 2 of the Constitution of the State of Indiana from serving in that office for more than eight (8) years in any period of twelve (12) years.

(c) A member who:

- (1) has served as an elected county official; and
- (2) does not meet the requirements of subsection (b);

is eligible for normal retirement if the member has attained vested status (as defined in ~~IC 5-10.2-1-8(b)(3)~~ **IC 5-10.2-1-8(c)(3)**) and meets the requirements of section 1 of this chapter.

SECTION 7. IC 5-10.2-4-1.9, AS ADDED BY P.L.115-2008, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.9. (a) This section applies only to a member of the public employees' retirement fund:

- (1) who has served as a state officer listed in Article 6, Section 1 of the Constitution of the State of Indiana; and
- (2) whose term of office as a state officer commenced after the election held on November 5, 2002.

(b) A member is eligible for normal retirement after becoming sixty-five (65) years of age if the member:

(1) has:

(A) served as a state officer listed in Article 6, Section 1 of the Constitution of the State of Indiana for at least eight (8) years; or

(B) been elected at least two (2) times and would have served at least eight (8) years as a state officer listed in Article 6, Section 1 of the Constitution of the State of Indiana had the member's term of office not been shortened under a statute enacted to establish uniform dates for beginning the terms of state officers listed in Article 6, Section 1 of the Constitution of the State of Indiana; and

(2) is prohibited by Article 6, Section 1 of the Constitution of the State of Indiana from serving in that office for more than eight (8) years in any period of twelve (12) years.

(c) A member who:

- (1) has served as a state officer listed in Article 6, Section 1 of the Constitution of the State of Indiana; and
- (2) does not meet the requirements of subsection (b);

is eligible for normal retirement if the member has attained vested status (as defined in ~~IC 5-10.2-1-8(a)~~ **IC 5-10.2-1-8**) and meets the requirements of section 1 of this chapter."

Page 7, between lines 28 and 29, begin a new paragraph and insert:

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"SECTION 9. IC 5-10.3-3-1, AS AMENDED BY P.L.62-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) The board is composed of six (6) trustees.

(b) Five (5) of the trustees shall be appointed by the governor, as follows:

(1) One (1) must be a member of the fund with:

(A) before January 1, 2011, at least ten (10) years of creditable service; or

(B) after December 31, 2010, at least eight (8) years of creditable service.

(2) Not more than three (3) may be members of the same political party.

(3) One (1) must be:

(A) a:

(i) member of the fund or retired member of the fund; or

(ii) member of a collective bargaining unit of state employees represented by a labor organization; or

(B) an individual who is:

(i) an officer or a member of a local, a national, or an international labor union that represents state or university employees; and

(ii) an Indiana resident.

(c) The director of the budget agency or the director's designee is an ex officio voting member of the board. An individual appointed under this subsection to serve as the director's designee:

(1) is subject to the provisions of section 3 of this chapter; and

(2) serves as a permanent designee until replaced by the director.

(d) The governor shall fill by appointment vacancies on the board in the manner described in subsection (b).

(e) In making the appointments under subsection (b)(1) or (b)(2), the governor may consider whether at least one (1) trustee is a retired member of the fund under subsection (b)(3)(A)(i).

SECTION 10. IC 5-10.3-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) As used in this section, "withdrawing political subdivision" means a political subdivision that takes an action described in subsection (b).

(b) Subject to the provisions of this section, a political subdivision may do the following:

(1) Stop its participation in the fund and withdraw all of the political subdivision's employees from participation in the fund.

(2) Withdraw a departmental, an occupational, or other definable classification of employees from participation in the fund.

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- (3) Stop the political subdivision's participation in the fund by:
 - (A) selling all of the political subdivision's assets; or
 - (B) ceasing to exist as a political subdivision.
- (c) The withdrawal of a political subdivision's participation in the fund is effective on a termination date established by the board. The termination date may not occur before all of the following have occurred:
 - (1) The withdrawing political subdivision has provided written notice of the following to the board:
 - (A) The withdrawing political subdivision's intent to cease participation.
 - (B) The names of the withdrawing political subdivision's current employees and former employees as of the date on which the notice is provided.
 - (2) The expiration of:
 - (A) a ninety (90) day period following the filing of the notice with the board, for a withdrawing political subdivision that sells all of the withdrawing political subdivision's assets or that ceases to exist as a political subdivision; or
 - (B) a two (2) year period following the filing of the notice with the board, for all other withdrawing political subdivisions.
 - (3) The withdrawing political subdivision takes all actions required in subsections (d) through (h).
 - (d) With respect to retired members who have creditable service with the withdrawing political subdivision, the withdrawing political subdivision must contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.
 - (e) A member who is an employee of the political subdivision as of the date of the notice under subsection (c) is vested in the pension portion of the member's retirement benefit. The withdrawing political subdivision must contribute to the fund the amount the board determines is necessary to fund fully the vested benefit. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.
 - (f) A member who is covered by subsection (e) and who is at least sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even if the member has:
 - (1) **before January 1, 2011**, fewer than ten (10) years of service;

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or

(2) after December 31, 2010, fewer than eight (8) years of service.

The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of service.

(g) With respect to members of the fund who have creditable service with the withdrawing political subdivision and who are not employees as of the date of the notice under subsection (c), the withdrawing political subdivision must contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the withdrawing political subdivision. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.

(h) The board shall evaluate each withdrawal under this section to determine if the withdrawal affects the fund's compliance with Section 401(a)(4) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. The board may deny a political subdivision permission to withdraw if the denial is necessary to achieve compliance with Section 401(a)(4) of the Internal Revenue Code of 1954, as in effect on September 1, 1974.

SECTION 11. IC 5-10.3-6-8.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8.5. (a) This section only applies if:

(1) certain employees of a state university in a departmental, occupational, or other definable classification involved in health care are terminated from employment with the state university as a result of:

(A) a lease or other transfer of university property to a nongovernmental entity; or

(B) a contractual arrangement with a nongovernmental entity to perform certain state university functions;

(2) the state university requests coverage under this section from the board; and

(3) the board approves the request.

(b) The withdrawal of the employees described in subsection (a) from the fund is effective on a termination date established by the board. The board may not establish a termination date that occurs before all of the following have occurred:

(1) The state university has requested coverage under this section and provided written notice of the following to the board:

(A) The intent of the state university to terminate the

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employees from employment.

(B) The names of the terminated employees as of the date that the termination is to occur.

(2) The expiration of a thirty (30) day period following the filing of the notice with the board.

(3) The state university fully complies with subsection (c).

(c) A member who is an employee of the state university described in subsection (a) as of the date of the notice under subsection (b) and who is listed in the notice under subsection (b) is vested in the pension portion of the member's retirement benefit. The state university must contribute to the fund the amount the board determines is necessary to completely fund the vested benefit. The contribution by the state university must be made in a lump sum or in a series of payments determined by the board.

(d) A member who is covered by subsection (c) and who is at least sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even if the member has:

(1) before January 1, 2011, less than ten (10) years of service; or

(2) after December 31, 2010, less than eight (8) years of service.

The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of creditable service.

(e) The board shall evaluate each withdrawal under this section to determine if the withdrawal affects the fund's compliance with Section 401(a) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. The board may deny an employee permission to withdraw if the denial is necessary to achieve compliance with Section 401(a) of the Internal Revenue Code of 1954, as in effect on September 1, 1974.

SECTION 12. IC 5-10.3-6-8.9, AS ADDED BY P.L.158-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8.9. (a) This section applies when certain employees of the state in particular departmental, occupational, or other definable classifications are terminated from employment with the state as a result of:

(1) a lease or other transfer of state property to a nongovernmental entity; or

(2) a contractual arrangement with a nongovernmental entity to perform certain state functions.

(b) The governor shall request coverage under this section from the board whenever an employee of the state is terminated as described in subsection (a).

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(c) The board must approve a request from the governor under subsection (b) unless approval violates subsection (k), federal or state law, or the terms of the fund.

(d) As used in this section, "early retirement" means a member is eligible to retire with a reduced pension under IC 5-10.2-4-1, because the member:

- (1) is at least fifty (50) years of age; and
- (2) has at least fifteen (15) years of creditable service.

(e) As used in this section, "normal retirement" means a member is eligible to retire under IC 5-10.2-4-1, because:

- (1) the member is at least sixty-five (65) years of age and has:
 - (A) before January 1, 2011, at least ten (10) years of creditable service; or**
 - (B) after December 31, 2010, at least eight (8) years of creditable service.**

- (2) the member is at least sixty (60) years of age and has at least fifteen (15) years of creditable service; or

- (3) the member's age in years plus the member's years of service is at least eighty-five (85) and the member is at least fifty-five (55) years of age.

(f) The withdrawal of the employees described in subsection (a) from the fund is effective on a termination date established by the board. The board may not establish a termination date that occurs before all of the following have occurred:

- (1) The governor has requested coverage under this section and provided written notice of the following to the board:
 - (A) The intent of the state to terminate the employees from employment.
 - (B) The names of the terminated employees as of the date that the termination is to occur.
- (2) The expiration of a thirty (30) day period following the filing of the notice with the board.
- (3) The state complies with subsections (g) and (i).

(g) A member who:

- (1) is an employee of the state described in subsection (a) with at least twenty-four (24) months of creditable service as of the date of the notice under subsection (f); and
- (2) is listed in the notice under subsection (f);

is vested in the pension portion of the member's retirement benefit. The state must contribute to the fund the amount the board determines is necessary to completely fund the vested benefit. The contribution by the state must be made in a lump sum or in a series of payments

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determined by the board. The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of creditable service.

(h) A member who is covered by subsection (g) and who is at least sixty-five (65) years of age as of the date of the notice under subsection (f) may elect to retire under IC 5-10.2-4-1 even if the member has:

- (1) before January 1, 2011, less than ten (10) years of service;**
- or**
- (2) after December 31, 2010, less than eight (8) years of service.**

The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of creditable service.

(i) A member who is covered by subsection (f) and who, as of the date of the notice under subsection (f), is less than twenty-four (24) months from being eligible for normal or early retirement under IC 5-10.2-4-1 may elect to retire by purchasing the service credit needed for retirement under the following conditions:

- (1) The state shall contribute to the fund an amount determined under IC 5-10.2-3-1.2 and payable from the sources described in subsection (j) sufficient to pay the member's contributions required for the member's purchase of the service credit the member needs to retire.
- (2) The maximum amount of creditable service that the state may purchase for a member under this subsection is twenty-four (24) months.
- (3) The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of creditable service plus all other service for which the fund gives credit, including the creditable service purchased under this subsection.

(j) The amounts that the state is required to contribute to the fund under subsection (i) must come from the following sources:

- (1) If the state receives monetary payments under the lease or contractual arrangement described in subsection (a), the proceeds of the monetary payments received by the state. The state may not require, as a condition of the transaction to transfer state property or have certain state functions performed by a nongovernmental entity, that the nongovernmental entity directly or indirectly pay the amounts that the state is required to contribute under subsection (i).
- (2) If the state does not receive any monetary payments under the lease or contractual arrangement described in subsection (a), any remaining appropriations made to the state department, agency,

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or other entity terminating the employees described in subsection (a).

(3) If the sources described in subdivisions (1) and (2) do not fully fund the amounts that the state is required to contribute to the fund under subsection (i), the board shall request that the general assembly appropriate the amount necessary to fully fund the state's required contribution under subsection (i) in the next biennial state budget.

(k) The board shall evaluate each withdrawal under this section to determine if the withdrawal affects the fund's compliance with Section 401(a) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. The board may deny an employee permission to withdraw if the denial is necessary to achieve compliance with Section 401(a) of the Internal Revenue Code of 1954, as in effect on September 1, 1974.

SECTION 13. IC 5-10.3-7-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.5. (a) As used in this section, "out-of-state service" means service in another state in a comparable position that would be creditable service if performed in Indiana.

(b) Subject to subsections (c) through (f), a member may purchase out-of-state service credit if the member meets the following requirements:

(1) The member has at least one (1) year of creditable service in the fund.

(2) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

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(3) The member has received verification from the fund that the out-of-state service is, as of that date, valid.

(c) Out-of-state years that qualify a member for retirement in an out-of-state system or in any federal retirement system may not be granted under this section.

(d) At least:

(1) **before January 1, 2011**, ten (10); or

(2) **after December 31, 2010**, eight (8);

years of service in Indiana is required before a member may receive a benefit based on out-of-state service credits.

(e) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the Social Security Act;

may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(f) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 14. IC 5-10.3-7-4.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.6. (a) Subject to the provisions of this section, a member may purchase service credit for the member's prior service in a position covered by the 1925 police pension fund under IC 36-8-6, the 1937 firefighters' pension fund under IC 36-8-7, or the 1953 police pension fund under IC 36-8-7.5 if the member meets the following requirements:

(1) The member has at least one (1) year of credited service in the fund.

(2) The member has not attained vested status in and is not an active member of the 1925 police pension fund, the 1937

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firefighters' pension fund, or the 1953 police pension fund.

(3) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of service credit the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(4) The member has received verification from the fund that the service in the 1925 police pension fund, the 1937 firefighters' pension fund, or the 1953 police pension fund is, as of that date, valid.

(b) At least:

(1) before January 1, 2011, ten (10); or

(2) after December 31, 2010, eight (8);

years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section.

(c) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the Social Security Act;

may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(d) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

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(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 15. IC 5-10.3-7-4.8, AS ADDED BY P.L.148-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.8. (a) As used in this section, "state quasi-governmental entity service" means service in Indiana that would be considered creditable service if performed by an employee of a member of the fund by an individual who:

- (1) provided the service as an employee of a body corporate and politic, nonprofit corporation established by the state, or other quasi-governmental entity that performed a state governmental function; and
- (2) was not a member of the fund under section 1 of this chapter during the period of employment.

(b) A member may purchase state quasi-governmental entity service credit subject to the following:

- (1) The member must have at least one (1) year of credited service in the fund.
- (2) The member must have at least:
 - (A) **before January 1, 2011, ten (10); or**
 - (B) **after December 31, 2010, eight (8);**

years of in-state credited service before the member may claim the service credit.

(3) Before the member retires, the member must make contributions to the fund:

- (A) that are equal to the product of:
 - (i) the member's salary at the time the member actually makes a contribution for the service credit;
 - (ii) a percentage rate, as determined by the actuary of the fund, based on the age of the member at the time the member makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased; and
 - (iii) the number of years of state quasi-governmental entity service the member intends to purchase; and
- (B) for any accrued interest, at a rate determined by the

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actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(4) The member must provide verification of the service with the state quasi-governmental entity in a manner prescribed by the fund.

(c) State quasi-governmental entity service that qualifies a member for retirement in a private retirement system or a federal retirement system may not be granted under this section.

(d) A member who:

- (1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or
- (2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act;

may withdraw the personal contributions made under the contributory plan plus accumulated interest after submitting to the fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

- (1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.
- (2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 16. IC 5-10.3-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) A member who:

- (1) enters the United States armed services;
- (2) leaves ~~his~~ **the member's** contributions in the fund;
- (3) except as provided in subsection (c), resumes service with ~~his~~ **the member's** employer within one hundred twenty (120) days after ~~his~~ **the member's** unconditional discharge; and
- (4) would be entitled to service credit for military service under the Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.) if the member had resumed service with the member's employer within ninety (90) days after

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discharge;
is entitled to service credit for the armed service.

(b) A state employee who left employment before January 1, 1946, or an employee of a political subdivision who left employment before the participation date, to enter the United States armed services is entitled to service credit for the armed service if ~~he~~ **the employee:**

- (1) except as provided in subsection (c), resumes service with the employer within one hundred twenty (120) days after ~~his~~ **the employee's** unconditional discharge; and
- (2) would be entitled to service credit for military service under the applicable requirements of federal law in effect at the time of reemployment if the employee had resumed service with the employee's employer within ninety (90) days after discharge.

(c) The board shall extend the one hundred twenty (120) day reemployment requirement contained in subsection (a)(3) or (b)(1) if the board determines that an illness, an injury, or a disability related to the member's military service prevented the member from resuming employment within one hundred twenty (120) days after the member's discharge from military service. However, the board may not extend the deadline beyond thirty (30) months after the member's discharge.

(d) If a member retires and the board subsequently determines that the member is entitled to additional service credit due to the extension of a deadline under subsection (c), the board shall recompute the member's benefit. However, the additional service credit may be used only in the computation of benefits to be paid after the date of the board's determination, and the member is not entitled to a recomputation of benefits received before the date of the board's determination.

(e) Notwithstanding any provision of this section, a member is entitled to service credit and benefits in the amount and to the extent required by the Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.).

(f) Subject to the provisions of this section, an active member may purchase not more than two (2) years of service credit for the member's service on active duty in the armed services if the member meets the following conditions:

- (1) The member has at least one (1) year of credited service in the fund.
- (2) The member serves on active duty in the armed services of the United States for at least six (6) months.
- (3) The member receives an honorable discharge from the armed services.

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(4) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the fund, that is based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of service credit the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

However, a member is entitled to purchase service credit under this subsection only to the extent that service credit is not granted for that time under another provision of this section. At least **before January 1, 2011**, ten (10) **or after December 31, 2010, eight (8)** years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section. A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance or receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(g) The following apply to the purchase of service credit under subsection (f):

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service

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credit."

Page 7, delete lines 34 through 35.

Page 7, line 36, delete "(c)" and insert "**(b)**".

Page 7, line 36, delete "September" and insert "**October**".

Page 7, line 37, delete "(d) to:" and insert "**(c) to**".

Page 7, line 38, delete "(1)".

Page 7, line 38, after "beneficiary of a" insert "**member**".

Page 7, delete lines 39 through 40.

Page 7, run in lines 37 through 41.

Page 8, line 3, delete "(d)" and insert "**(c)**".

Page 8, line 4, delete "or a participant".

Page 8, line 5, delete "of the plan".

Page 8, line 5, delete "(c)" and insert "**(b)**".

Page 8, line 7, delete "or"

Page 8, line 8, delete "Participant's".

Page 8, line 16, delete "(e)" and insert "**(d)**".

Page 8, line 17, delete "or a".

Page 8, line 18, delete "participant of the plan".

Page 8, line 19, delete ":".

Page 8, line 20, delete "(1)".

Page 8, line 20, delete "IC 5-10.2-4-4; or" and insert "**IC 5-10.2-4-4,**".

Page 8, delete line 21.

Page 8, run in lines 19 through 22.

Page 8, line 24, delete "(f)" and insert "**(e)**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1546 as printed February 17, 2009.)

CRAWFORD, Chair

Committee Vote: yeas 20, nays 0.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1546 be amended to read as follows:

Page 3, line 21, delete "2010;" and insert "**2011;**".

(Reference is to HB 1546 as printed February 20, 2009.)

NIEZGODSKI

EH 1546—LS 7419/DI 102+



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COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1546, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS and be reassigned to the Senate Committee on Appropriations.

(Reference is made to House Bill 1546 as reprinted February 24, 2009.)

KRUSE, Chairperson

Committee Vote: Yeas 9, Nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Engrossed House Bill No. 1546, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 17, after "increments" delete "." and insert "**or smaller increments that may be established by the rules of the board.**".

Page 3, delete lines 15 through 42.

Page 4, delete lines 1 through 17.

Page 5, line 12, delete "A" and insert "**Except as provided in section 4(e) of this chapter, a**".

Page 7, delete lines 8 through 42, begin a new paragraph and insert: "SECTION 3. IC 5-10.2-2-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) **Except as provided in subsection (e)**, interest shall be credited and compounded at least annually on all amounts credited to the member in the guaranteed program. For the guaranteed program, the board shall annually establish an interest credit rate equal to or less than the investment income earned.

(b) **Except as provided in subsection (e)**, the market value of each alternative investment program shall be allocated at least annually to the members participating in that program.

(c) Contributions to the guaranteed program and the alternative investment programs shall be invested as of the last day of the quarter in which the contributions are received **or at an alternate time established by the rules of each board.** Contributions to the

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guaranteed program shall begin to accumulate interest at the beginning of the quarter after the quarter in which the contributions are received **or at an alternate time established by the rules of each board.**

(d) When a member retires or withdraws with a balance in the guaranteed program, a proportional interest credit determined by the board shall be granted for the period elapsed since the last interest date on that balance.

(e) **This subsection applies whenever the board is required to establish an interest or earnings rate in order to credit interest or earnings to an omitted contribution to a member's annuity savings account. As used in this subsection, "omitted contribution" means a contribution that is contributed by or on behalf of a member under IC 5-10.3-7-9 or IC 5-10.4-4-11 and that is received by the board after the time required by IC 5-10.3-7-12.5 or IC 5-10.4-7-6(b)(1). Notwithstanding any law to the contrary, each board may by rule specify:**

- (1) a single composite interest rate and the period to which the rate applies for the purpose of computing the interest credits on a member's contributions (including omitted contributions) in the guaranteed fund; and
- (2) a single composite earnings rate for the gain or loss in market value for each alternative investment program and the period to which the rate applies for the purpose of computing the gain or loss in market value on a member's contributions (including omitted contributions) in the alternate investment program.

SECTION 4. IC 5-10.2-2-12.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 12.5. (a) This section applies to reports, records, and contributions submitted after December 31, 2009, by an employer.**

(b) As used in this section, "electronic funds transfer" has the meaning set forth in IC 4-8.1-2-7(f).

(c) Except as provided in subsection (e), an employer shall submit through the use of electronic funds transfer:

- (1) the employer contributions determined under section 11 of this chapter; and
- (2) contributions paid by or on behalf of a member under IC 5-10.3-7-9 or IC 5-10.4-4-11.

(d) Except as provided in subsection (e), an employer shall submit in a uniform format through a secure connection over the Internet or through other electronic means specified by the board

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the reports and records described in:

- (1) IC 5-10.3-7-12.5, for the public employees' retirement fund; or
- (2) IC 5-10.4-7-6, for the Indiana state teachers' retirement fund.

(e) An employer that is unable to comply with either subsection (c) or (d), or both, may request that the board grant a waiver of the requirement of subsection (c) or (d), or both. The employer must:

- (1) state the reason for requesting the waiver;
- (2) provide a date, not to exceed two (2) years from the date the employer is first subject to either the electronic funds transfer requirement or the electronic reporting requirement of this section, by which the employer agrees to comply with the requirement of subsection (c) or (d), or both; and
- (3) sign and verify the waiver form.

(f) The board may:

- (1) grant the employer's request for a waiver; and
- (2) specify the date by which the employer is required to comply with the electronic funds transfer requirement or the electronic reporting requirement, or both.

(g) The board shall establish a waiver form consistent with this section.

(h) The board may establish or amend its rules or policies as necessary to administer this section.

SECTION 5. IC 5-10.2-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. ~~Suspension of Membership.~~ (a) A member who is not eligible for retirement or disability retirement may suspend ~~his the member's~~ membership if ~~he the member~~ terminates employment.

(b) After five (5) continuous years in which ~~he the member~~ performs no service, ~~his the member's~~ membership shall be automatically suspended by the board unless ~~he is the member has~~ vested status.

(c) The board may suspend a member's membership in the fund if:

- (1) the member has not performed any service in a covered position during the past two (2) years;
- (2) the member has not attained vested status in the fund; and
- (3) the value of the member's annuity savings account is not more than ~~two hundred one thousand dollars (\$200)~~ **(\$1,000)**.

(d) On resuming service the member may claim as creditable service the period of employment before the suspension of membership, but only to the extent that the same period of employment

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is not being used by another governmental plan for purposes of the member's benefit in the other governmental plan."

Delete pages 8 through 10.

Page 11, delete lines 1 through 21.

Page 13, delete lines 4 through 42, begin a new paragraph and insert:

"SECTION 7. IC 5-10.3-7-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 12.5. **(a)** An employer or department ~~must~~ **shall** make the reports, membership records, or payments required by IC 5-10.3-6 or by sections 10 through 12 of this chapter:

(1) not more than thirty (30) days after the end of the calendar quarter, if applicable; ~~or~~

(2) another due date specified in sections 10 through 12 of this chapter; **or**

(3) an alternate due date established by the rules of the board.

(b) If the employer or department does not make the reports, records, or payments within ~~that~~ **the time specified in subsection (a):**

(1) the board may fine the employer or department one hundred dollars (\$100) for each additional day that the reports, records, or payments are late, to be withheld under IC 5-10.3-6-7; and

(2) if the employer or department is habitually late, as determined by the board, the board shall report the employer or the department to the auditor of state for additional withholding under IC 5-10.3-6-7.

(c) After December 31, 2009, an employer or department shall submit:

(1) the reports and records described in subsection (a) in a uniform format through a secure connection over the Internet or through other electronic means specified by the board in accordance with IC 5-10.2-2-12.5; and

(2) both:

(A) employer contributions determined under IC 5-10.2-2-11; and

(B) contributions paid by or on behalf of a member under section 9 of this chapter;

by electronic funds transfer in accordance with IC 5-10.2-2-12.5.

SECTION 8. IC 5-10.4-7-6, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. **(a)** As used in this section, "net contributions" means the gross amount of a member's contributions minus any refund paid or due

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(b) Not later than January 15, April 15, July 15, and October 15 of each year **or an alternate due date established by the rules of the board**, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall make an employer report as provided in section 7 of this chapter, on a form furnished by the board, to the board accompanied by a warrant for payment of:

- (1) the total net contributions to the fund made for or by the members in the preceding three (3) months; and
- (2) the employer contributions as required by section 11 of this chapter.

(c) Amendatory reports to correct errors or omissions may be required and made.

(d) **After December 31, 2009, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall submit:**

- (1) the employer report described in section 7 of this chapter in a uniform format through a secure connection over the Internet or through other electronic means specified by the board in accordance with IC 5-10.2-2-12.5; and**
- (2) the:**
 - (A) employer contributions; and**
 - (B) contributions paid by or on behalf of a member; described in subsection (b) by electronic funds transfer in accordance with IC 5-10.2-2-12.5.**

SECTION 9. IC 5-10.4-7-7, AS AMENDED BY P.L.72-2007, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. (a) Not later than January 15, April 15, July 15, and October 15 of each year **or an alternate due date established by the rules of the board**, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall make a report to the board on a form furnished by the board and within the time set by the board. Amendatory reports to correct errors or omissions may be required and made.

(b) The report required by subsection (a) must include:

- (1) the name of each member employed in the preceding reporting period, except substitute teachers;
- (2) the total salary and other compensation paid for personal services to each member in the reporting period;
- (3) the sum of contributions made for or by each member, except

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for a retired member who may not make contributions during a period of reemployment as provided under IC 5-10.2-4-8(e);

(4) the sum of employer contributions made by the school corporation or other institution, except for a retired member for whom or on whose behalf an employer may not make contributions during a period of reemployment as provided under IC 5-10.2-4-8(e);

(5) the number of days each member received salary or other compensation for teaching services; and

(6) any other information that the board determines necessary for the effective management of the fund.

(c) As often as the board determines necessary, the board may review or cause to be reviewed the pertinent records of any public entity contributing to the fund under this article."

Delete pages 14 through 25.

Page 26, delete lines 1 through 6.

Page 26, line 14, delete "shall be paid as a".

Page 26, line 15, delete "single check and".

Page 26, line 20, after "Amount" delete "of the" and insert "Is:".

Page 26, line 21, delete "Check Is:".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to EHB 1546 as printed March 27, 2009.)

KENLEY, Chairperson

Committee Vote: Yeas 11, Nays 0.

SENATE MOTION

Madam President: I move that Engrossed House Bill 1546 be amended to read as follows:

Replace the effective dates in SECTIONS 1 through 2 with "[EFFECTIVE JULY 1, 2009]".

Page 1, line 15, after "completed" delete ":".

Page 1, line 15, reset in roman "as".

Page 1, line 16, reset in roman "of:".

Page 1, line 17, delete "as of".

Page 1, line 17, delete "and" and insert "or".

Page 2, line 1, delete "whenever the member makes a new investment" and insert "**a time that the board may specify by rule.**".

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Page 2, delete lines 2 through 3.
 Page 2, line 10, reset in roman "at least".
 Page 2, line 10, reset in roman "quarter".
 Page 2, line 10, delete "day".
 Page 2, reset in roman line 12.
 Page 2, line 13, reset in roman "least thirty (30) days".
 Page 2, line 13, delete "on the next business day".
 Page 2, line 14, after "board" delete "." and insert "**or an alternate date established by the rules of the board.**".
 Page 2, line 38, after "selection" delete "." and insert "**or an alternate time established by the rules of the board.**".
 Page 2, line 40, after "be" delete ":".
 Page 2, line 41, delete "(1)".
 Page 2, line 41, reset in roman "last day".
 Page 2, line 42, reset in roman "of the quarter".
 Page 2, line 42, delete "date".
 Page 3, line 1, delete "by" and insert ",".
 Page 3, line 2, delete "five (5) business days;".
 Page 3, line 3, delete "(2)".
 Page 3, line 3, after "date" delete "." and insert "**or at an alternate time established by rules of the board.**".
 Run in page 2, line 40 through page 3, line 3.
 Page 4, line 11, after "completed" delete ":".
 Page 4, line 11, reset in roman "as of:". **C**
 Page 4, line 12, delete "as of". **O**
 Page 4, line 12, reset in roman "or". **P**
 Page 4, line 12, delete "and". **y**
 Page 4, reset in roman line 13.
 Page 4, delete lines 14 through 16.
 Page 4, line 30, reset in roman "at least".
 Page 4, line 30, reset in roman "quarter".
 Page 4, line 30, delete "day".
 Page 4, line 31, reset in roman "beginning".
 Page 4, reset in roman line 32.
 Page 4, line 33, reset in roman "(30) days".
 Page 4, line 33, delete "on the next business".
 Page 4, line 34, after "board" delete ".".
 Page 4, line 34, reset in roman "or an alternate date established by the rules of each".
 Page 4, line 35, reset in roman "board".
 Page 5, line 18, after "selection" delete ".".
 Page 5, line 18, reset in roman "or at an alternate time established



by the rules of each board."

Page 5, line 21, after "be" delete ":".

Page 5, line 22, delete "(1)".

Page 5, line 22, reset in roman "last day".

Page 5, line 23, reset in roman "of the quarter".

Page 5, line 23, delete "date".

Page 5, line 25, delete "by five (5) business days;" and insert ",".

Page 5, line 26, delete "(2)".

Page 5, line 26, after "date" delete ".".

Page 5, line 26, reset in roman "or at an alternate time".

Page 5, reset in roman line 27.

Page 5, run in lines 21 through 27.

Page 5, line 33, reset in roman "last".

Page 5, line 33, reset in roman "of the quarter preceding".

Page 5, line 33, delete "before".

Page 5, line 34, reset in roman "However, each board may by rule provide for an".

Page 5, line 35, reset in roman "alternate valuation date".

Page 5, line 39, after "on" delete ":".

Page 5, line 40, delete "(1)".

Page 5, line 41, reset in roman "last day of the quarter".

Page 5, line 41, delete "date".

Page 6, line 1, delete "by five (5) business days;" and insert ",".

Page 6, line 3, delete "(2)".

Page 6, line 4, reset in roman "However, each board may by rule provide for an".

Page 6, line 5, reset in roman "alternate valuation date".

Run in page 5, line 39 through page 6, line 5.

(Reference is to EHB 1546 as printed April 8, 2009.)

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SENATE MOTION

Madam President: I move that Engrossed House Bill 1546 be amended to read as follows:

Page 7, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 4. IC 5-10.2-2-11, AS AMENDED BY P.L.72-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 11. (a) Based on the actuarial investigation and valuation in section 9 of this chapter, each board shall determine:

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- (1) the normal contribution for the employer, which is the amount necessary to fund the pension portion of the retirement benefit;
- (2) the rate of normal contribution;
- (3) the unfunded accrued liability of the public employees' retirement fund, the pre-1996 account, and the 1996 account, which is the excess of total accrued liability over the fund's or account's total assets, respectively; and
- (4) the rates of contribution for the state expressed as a proportion of compensation of members, which would be necessary to:
 - (A) amortize the unfunded accrued liability of the state for thirty (30) years or for a shorter time period requested by the budget agency or the governor; and
 - (B) prevent the state's unfunded accrued liability from increasing.

(b) Based on the information in subsection (a), each board may determine, in its sole discretion, contributions and contribution rates for individual employers or for a group of employers.

(c) The board's determinations under subsection (a):

- (1) are subject to section 1.5 of this chapter; and
- (2) ~~for an employer making a contribution to the Indiana state teachers' retirement fund;~~ may not include an amount for a retired member ~~of the Indiana state teachers' retirement fund~~ for whom the employer may not make contributions during the member's period of reemployment as provided under ~~IC 5-10.2-4-8(c);~~ **IC 5-10.2-4-8(d).**"

Page 8, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 6. IC 5-10.2-3-2, AS AMENDED BY P.L.72-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) Subject to IC 5-10.2-2-1.5, as used in this section, "compensation" means:

- (1) the basic salary earned by and paid to the member; plus
- (2) the amount that would have been a part of the basic salary earned and paid except for the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code.

(b) Except in cases where:

- (1) the contribution is made on behalf of the member; or
- (2) a retired member ~~of the Indiana state teachers' retirement fund~~ may not make contributions during a period of reemployment as provided under ~~IC 5-10.2-4-8(c);~~ **IC 5-10.2-4-8(d);**

each member shall, as a condition of employment, contribute to the fund three percent (3%) of ~~his~~ **the member's** compensation.

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(c) Except as provided under ~~IC 5-10.2-4-8(c)~~, **IC 5-10.2-4-8(d)**, a member of a fund may make contributions to the member's annuity savings account in addition to the contributions required under subsection (b). The total amount of contributions that may be made to a member's annuity savings account with respect to a payroll period under this subsection may not exceed ten percent (10%) of the member's compensation for that payroll period. The contributions made under this subsection may be picked-up and paid by an employer as provided in subsection (d).

(d) In compliance with rules adopted by each board, an employer, under Section 414(h)(2) of the Internal Revenue Code, may pick-up and pay the contributions under subsection (c), subject to approval of the board and to the board's receipt of a favorable private letter ruling from the Internal Revenue Service. The employer shall reduce the member's compensation by an amount equal to the amount of the member's contributions under subsection (c) that are picked-up by the employer. Each board shall by rule establish the procedural requirements for employers to carry out the pick-up in compliance with Section 414(h)(2) of the Internal Revenue Code.

(e) A member's contributions and interest credits belong to the member and do not belong to the state or political subdivision."

Page 8, between lines 21 and 22, begin a new paragraph and insert:

"SECTION 8. IC 5-10.2-3-6.5, AS ADDED BY P.L.115-2008, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6.5. (a) This section applies:

(1) after December 31, 2008, to a member of the public employees' retirement fund; **and**

(2) **after June 30, 2009, to a member of the Indiana state teachers' retirement fund.**

(b) A member who meets all of the following requirements may elect to withdraw the entire amount in the member's annuity savings account before the member is eligible to do so at retirement under IC 5-10.2-4-2:

(1) The member has attained vested status in the fund.

(2) The member terminates employment **with the applicable fund after the date specified in subsection (a).**

(3) The member has not performed any service in a position covered by the fund for at least ninety (90) days after the date the member terminates employment.

(c) A member who elects to withdraw the entire amount in the member's annuity savings account under subsection (b) shall provide notice of the election on a form provided by the board.

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(d) The election to withdraw the entire amount in the member's annuity savings account is irrevocable.

(e) The board shall pay the amount in the member's annuity savings account as a lump sum.

(f) Except as provided in subsection (g), a member who makes a withdrawal under this section is entitled to receive, when the member becomes eligible to receive a retirement benefit under IC 5-10.2-4, a retirement benefit equal to the pension provided by employer contributions computed under IC 5-10.2-4.

(g) A member who:

(1) transfers creditable service earned under the fund to another governmental retirement plan under section 1(i) of this chapter; and

(2) withdraws the member's annuity savings account under this section to purchase the service;

may not use the transferred service in the computation of a retirement benefit payable under subsection (f).

SECTION 9. IC 5-10.2-3-7.5, AS AMENDED BY P.L.99-2007, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7.5. (a) A surviving dependent or surviving spouse of a member who dies in service is entitled to a survivor benefit if:

(1) the member dies after March 31, 1990;

(2) the member has:

(A) at least ten (10) years of creditable service, if the member died in service as a member of the general assembly;

(B) at least fifteen (15) years of creditable service, if the member died in service in any other position covered by the retirement fund; or

(C) at least ten (10) years but not more than fourteen (14) years of creditable service if the member:

(i) was at least sixty-five (65) years of age; and

(ii) died in service in a position covered by the teachers' retirement fund; and

(3) the surviving dependent or surviving spouse qualifies for a survivor benefit under subsection (b) or (c).

(b) If a member described in subsection (a) dies with a surviving spouse who was married to the member for at least two (2) years, the surviving spouse is entitled to a survivor benefit equal to the monthly **pension** benefit that would have been payable to the spouse under the joint and survivor option of IC 5-10.2-4-7 upon the member's death following retirement at:

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- (1) fifty (50) years of age; or
- (2) the actual date of death;

whichever is later. However, benefits payable under this subsection are subject to subsections (e) and (g).

(c) If a member described in subsection (a) dies without a surviving spouse who was married to the member for at least two (2) years, but with a surviving dependent, the surviving dependent is entitled to a survivor benefit in a monthly amount equal to the actuarial equivalent of the monthly **pension** benefit that would have been payable to the spouse (assuming the spouse would have had the same birth date as the member) under the joint and survivor option of IC 5-10.2-4-7 upon the member's death following retirement at:

- (1) fifty (50) years of age; or
- (2) the actual date of death;

whichever is later. If there are two (2) or more surviving dependents, the actuarial equivalent of the benefit described in this subsection shall be calculated and, considering the dependents' attained ages, an equal dollar amount shall be determined as the monthly **pension** benefit to be paid to each dependent. Monthly **pension** benefits under this subsection are payable until the date the dependent becomes eighteen (18) years of age or dies, whichever is earlier. However, if a dependent has a permanent and total disability (using disability guidelines established by the Social Security Administration) at the date the dependent reaches eighteen (18) years of age, the monthly **pension** benefit is payable until the date the dependent no longer has a disability (using disability guidelines established by the Social Security Administration) or dies, whichever is earlier. Benefits payable under this subsection are subject to subsections (e) and (g).

(d) **This subsection applies if a member did not designate a beneficiary or the designated beneficiary does not survive the member.** Except as provided in subsections (e) and (h), the surviving spouse or surviving dependent of a member who is entitled to a survivor benefit under subsection (b) or (c) or section 7.6 of this chapter may elect to receive a lump sum payment of the total amount credited to the member in the member's annuity savings account or an amount equal to the member's federal income tax basis in the member's annuity savings account as of December 31, 1986. A surviving spouse or surviving dependent who makes such an election is not entitled to an annuity as part of the survivor benefit under subsection (b) or (c) or section 7.6 of this chapter to the extent of the lump sum payment.

(e) If a member described in subsection (a) or section 7.6(a) of this chapter is survived by a designated beneficiary, who is not a surviving

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spouse or surviving dependent entitled to a survivor benefit under subsection (b) or (c) or section 7.6 of this chapter, the following provisions apply:

(1) If the member is survived by one (1) designated beneficiary, the designated beneficiary is entitled to receive in a lump sum or over a period of up to five (5) years, as elected by the designated beneficiary, the amount credited to the member's annuity savings account, less any disability benefits paid to the member.

(2) If the member is survived by two (2) or more designated beneficiaries, the designated beneficiaries are entitled to receive in a lump sum or over a period of up to five (5) years, as elected by the designated beneficiary, equal shares of the amount credited to the member's annuity savings account, less any disability benefits paid to the member.

(3) If the member is also survived by a spouse or dependent who is entitled to a survivor benefit under subsection (b) or (c) or section 7.6 of this chapter, the surviving spouse or dependent is not entitled to an annuity or a lump sum payment as part of the survivor benefit, unless the surviving spouse or dependent is also a designated beneficiary.

(f) If a member dies:

(1) without a surviving spouse or surviving dependent who qualifies for survivor benefits under subsection (b) or (c) or section 7.6 of this chapter; and

(2) without a surviving designated beneficiary who is entitled to receive the member's annuity savings account under subsection (e);

the amount credited to the member's annuity savings account, less any disability benefits paid to the member, shall be paid to the member's estate.

(g) Survivor benefits payable under this section or section 7.6 of this chapter shall be reduced by any disability benefits paid to the member.

(h) Additional annuity contributions, if any, shall not be included in determining survivor benefits under subsection (b) or (c) or section 7.6 of this chapter, but are payable in a lump sum payment to:

(1) the member's surviving designated beneficiary; or

(2) the member's estate, if there is no surviving designated beneficiary.

(i) Survivor benefits provided under this section or section 7.6 of this chapter are subject to IC 5-10.2-2-1.5.

(j) A benefit specified in this section shall be forfeited and credited to the member's retirement fund if no person entitled to the benefit

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claims it within three (3) years after the member's death. However, the board may honor a claim that is made more than three (3) years after the member's death if the board finds, in the board's discretion, that:

- (1) the delay in making the claim was reasonable or other extenuating circumstances justify the award of the benefit to the claimant; and
- (2) paying the claim would not cause a violation of the applicable Internal Revenue Service rules.

SECTION 10. IC 5-10.2-4-1.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.2. ~~The public employees' retirement~~ (a) **Each** fund shall adopt a policy that

- ~~(1) promotes~~ **requires** direct deposit **or another method approved by the board** as the preferred way for members and beneficiaries to receive monthly benefits. ~~and~~
- ~~(2) strongly encourages members and beneficiaries who apply for benefits to receive their monthly benefits by direct deposit.~~

(b) **A member or beneficiary who does not wish to have payments to the person deposited by direct deposit or another method approved by the board under subsection (a) may request the board or a designee of the board to grant a waiver of the requirement of direct deposit or another method approved by the board. The member or beneficiary must:**

- (1) state the reason to the board for requesting the waiver; and**
- (2) sign a waiver form.**

(c) **The board or a designee of the board shall grant the member's or beneficiary's request for a waiver, approval of which shall not be unreasonably denied, if any of the following apply:**

- (1) The member or beneficiary currently does not have a savings or checking account.**
- (2) The member or beneficiary is unable to establish a savings or checking account within the geographic area of the home of the member or beneficiary without payment of a service fee. In support of this reason, the member or beneficiary must submit a written statement of the inability to establish the account without the payment of a fee with the waiver request.**
- (3) The home of the member or beneficiary is too remote to have access to a financial institution where direct deposit or another method approved by the board may be made.**
- (4) The financial institution of the member or beneficiary is unable to:**

- (A) accept direct deposit or another method approved by**

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the board; or

(B) process electronic withdrawal.

The member or beneficiary must submit with the waiver a written statement from the financial institution of the member or beneficiary that the financial institution is unable to accept direct deposit or another method approved by the board or process electronic withdrawal.

(5) The board determines that the facts of the particular case warrant a waiver of the requirement of direct deposit or another method approved by the board.

(d) The policy of the board must provide that a member or beneficiary in pay status as of July 1, 2009, receiving monthly benefits in a manner other than direct deposit or another method approved by the board shall not have the monthly benefits stopped for receiving monthly benefits in a manner other than direct deposit or another method approved by the board.

SECTION 11. IC 5-10.2-4-1.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.4. (a) This section applies to a member or a beneficiary of the ~~public employees'~~ retirement fund who receives a monthly benefit by direct deposit.

(b) The fund shall furnish to the member or beneficiary:

- (1) before each change in the amount of the member's or beneficiary's benefit; or
- (2) once every twelve (12) months, if the member's or beneficiary's benefit amount does not change;

a written notice showing the member's or beneficiary's benefit amount, including any cost of living increase or other adjustment to the benefit amount, and a summary of the member's or beneficiary's benefit payment history since the member's or beneficiary's last written notice.

SECTION 12. IC 5-10.2-4-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.5. (a) A fund may calculate and pay an estimated retirement benefit of the pension portion to a member if:

- (1) the member has applied for a retirement benefit and has chosen a retirement date on which the retirement benefit is to begin;
- (2) the member's membership records are incomplete or have not been certified; and
- (3) the member's membership records that have been submitted to the fund establish that the member is entitled to a retirement benefit.

(b) ~~After June 30, 2009, if a fund may calculate~~ calculates and

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pays an estimated benefit under this section, ~~based on the estimated benefit must be at least~~ eighty-five percent (85%) of the pension portion of the benefit determined under the fund's records on service and compensation information.

(c) If an estimated benefit is paid to a member under this section, the fund shall, after all membership records have been submitted to the fund and certified, determine the actual retirement benefit to which the member is entitled. After determining the actual retirement benefit to which the member is entitled, the fund shall temporarily adjust the actual retirement benefit that is paid to the member to reconcile any underpayment or overpayment of benefits to the member that resulted from the payment of estimated benefits. The fund may make the temporary adjustment to the member's actual retirement benefit over a reasonable time, as determined by the board."

Page 8, line 34, after "IC 5-10.2-3-1(i)." insert "**Regardless of a member's election under this section, contributions totaling not more than one thousand dollars (\$1,000) that are posted to a member's annuity savings account after the final date on which the member's retirement benefit is processed may be distributed to the member as a lump sum payment.**"

Page 10, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 14. IC 5-10.2-4-7, AS AMENDED BY P.L.115-2008, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. (a) Benefits provided under this section are subject to IC 5-10.2-2-1.5.

(b) A member who retires is entitled to receive monthly retirement benefits, which are guaranteed for five (5) years or until the member's death, whichever is later. A member may select in writing any of the following nonconflicting options for the payment of the member's retirement benefits instead of the five (5) year guaranteed retirement benefit payments. The amount of the optional payments shall be determined under rules of the board and shall be the actuarial equivalent of the benefit payable under sections 4, 5, and 6 of this chapter. A member who has elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5 may not select the cash refund annuity option.

(1) Joint and Survivor Option.

(A) The member receives a decreased retirement benefit during the member's lifetime, and there is a benefit payable after the member's death to a designated beneficiary during the lifetime of the beneficiary, which benefit equals, at the option of the member, either the full decreased retirement benefit or

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two-thirds ($2/3$) or one-half ($1/2$) of that benefit.

(B) If the member dies before retirement, the designated beneficiary may receive only the amount credited to the member in the annuity savings account unless the designated beneficiary is entitled to survivor benefits under IC 5-10.2-3.

(C) If the designated beneficiary dies before the member retires, the selection is automatically canceled and the member may make a new beneficiary election and may elect a different form of benefit under this subsection.

(2) Benefit with No Guarantee. The member receives an increased lifetime retirement benefit without the five (5) year guarantee specified in this subsection.

(3) Integration with Social Security. If the member retires before the age of eligibility for Social Security benefits, in order to provide a level benefit during the member's retirement the member receives an increased retirement benefit until the age of Social Security eligibility and decreased retirement benefits after that age.

(4) Cash Refund Annuity. The member receives a lifetime annuity purchasable by the amount credited to the member in the annuity savings account, and the member's designated beneficiary receives a refund payment equal to:

(A) the total amount used in computing the annuity at the retirement date; minus

(B) the total annuity payments paid and due to the member before the member's death.

(c) This subsection does not apply to a member of the Indiana state teachers' retirement fund after June 30, 2007, or to a member of the public employees' retirement fund after June 30, 2008. If:

(1) the designated beneficiary dies while the member is receiving benefits; or

(2) the member is receiving benefits, the member marries, either for the first time or following the death of the member's spouse, after the member's first benefit payment is made, and the member's designated beneficiary is not the member's current spouse or the member has not designated a beneficiary;

the member may elect to change the member's designated beneficiary or form of benefit under subsection (b) and to receive an actuarially adjusted and recalculated benefit for the remainder of the member's life or for the remainder of the member's life and the life of the newly designated beneficiary. The member may not elect to change to a five (5) year guaranteed form of benefit. If the member's new election is the

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joint and survivor option, the member shall indicate whether the designated beneficiary's benefit shall equal, at the option of the member, either the member's full recalculated retirement benefit or two-thirds (2/3) or one-half (1/2) of this benefit. The cost of recalculating the benefit shall be borne by the member and shall be included in the actuarial adjustment.

(d) Except as provided in subsection (c) or section 7.2 of this chapter, a member who files for regular or disability retirement may not change:

- (1) the member's retirement option under subsection (b);
- (2) the selection of a lump sum payment under section 2 of this chapter; or
- (3) the beneficiary designated on the member's application for benefits if the member selects the joint and survivor option under subsection (b)(1);

after the first day of the month in which benefit payments are scheduled to begin. For purposes of this subsection, it is immaterial whether a benefit check has been sent, received, or negotiated.

(e) A member may direct that the member's retirement benefits be paid to a revocable trust that permits the member unrestricted access to the amounts held in the revocable trust. The member's direction is not an assignment or transfer of benefits under IC 5-10.3-8-10 or IC 5-10.4-5-14.

(f) Whenever the amount of a monthly retirement benefit to be paid to a member is not more than five dollars (\$5), each board may adopt a policy to permit annual payment of the member's retirement benefit.

SECTION 15. IC 5-10.2-4-8, AS AMENDED BY P.L.130-2008, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) **Subject to subsection (f)**, if a member who is receiving retirement benefits becomes reemployed in a position covered by this article more than thirty (30) days after the member's retirement, the member's retirement benefit payments continue. Except for a member of the Indiana state teachers' retirement fund who is reemployed more than thirty (30) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund, the member shall begin making contributions as required in IC 5-10.2-3-2, and the member's employer shall make contributions throughout the member's period of reemployment.

(b) If a member who is receiving retirement benefits is reemployed in a position covered by this article not more than thirty (30) days after the member's retirement, the member's retirement benefits shall stop,

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the member shall begin making contributions as required by IC 5-10.2-3-2, and employer contributions shall be made throughout the period of reemployment.

(c) This subsection does not apply to a member of the Indiana state teachers' retirement fund who is reemployed more than thirty (30) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund. If a retired member is reemployed in a position covered by this article, section 10 of this chapter applies to the member upon the member's retirement from reemployment.

(d) **Subject to subsection (f)**, the following apply to a member of the Indiana state teachers' retirement fund who is reemployed more than thirty (30) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund:

- (1) The member's retirement benefit payments continue during the member's period of reemployment without regard to the amount of the member's earnings from the covered position.
- (2) The member may not make contributions under IC 5-10.2-3-2 or IC 5-10.4-4-11 during the member's period of reemployment.
- (3) The member's employer may not make contributions under IC 5-10.2-2-11 or IC 5-10.4-4-11 for or on behalf of the member during the member's period of reemployment.
- (4) The member does not earn creditable service under IC 5-10.2-3-1 for the member's period of reemployment.
- (5) The member is not entitled to an additional benefit under sections 9 and 10 of this chapter for the member's period of reemployment.

(e) The thirty (30) day period provided for in this section may be implemented unless the board of trustees of the fund receives a determination from the Internal Revenue Service prohibiting the implementation.

(f) After July 31, 2009, if, on or before the date the member files an application for retirement benefits under this article, a member has a formal or informal agreement with an employer covered by this article to become reemployed in a position covered by this article after the member's retirement, regardless of the time frame between the member's retirement and the member's reemployment, the member's application for retirement benefits is void, and the following apply to the member's continued employment:

- (1) If a member received a retirement benefit:**
 - (A) the member's retirement benefit shall stop; and**
 - (B) the member shall repay the amount of the retirement**

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benefit received.

- (2) The member shall make contributions as required by IC 5-10.2-3-2 throughout the period of the member's continued employment.
- (3) Employer contributions shall be made throughout the period of the member's continued employment.
- (4) The member shall earn creditable service under IC 5-10.2-3-1 for the member's continued employment.
- (5) When the period of the member's continued employment terminates, the member may again file an application for retirement benefits under this chapter.

SECTION 16. IC 5-10.3-3-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. (a) The director is the executive officer in charge of the administration of the fund's detailed affairs.

(b) The director shall:

- (1) maintain a record of the board's proceedings;
- (2) be responsible for the safekeeping of the books and records of the funds administered by the board;
- ~~(1)~~ (3) receipt for payments made to the ~~fund~~ funds administered by the board and deposit ~~them~~ these payments with the treasurer of state or a custodian for the fund's account;
- ~~(2)~~ (4) sign vouchers for the payment of money from the ~~fund~~ funds administered by the board as authorized by the board;
- ~~(3)~~ perform other duties assigned by the board; and
- ~~(4)~~ (5) execute a corporate surety bond in an amount specified by the board, the premium on the bond to be paid by the board; and
- (6) perform other duties assigned by the board.

SECTION 17. IC 5-10.3-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) Securities shall be held for the fund by banks or trust companies under a custodial agreement. Income, interest, proceeds of sale, materials, redemptions, and all other receipts from securities and other investments which the board retains for the cash working balance shall be deposited ~~with the treasurer of state~~ as authorized by the board.

(b) The board may contract with investment counsel, trust companies, or banks to assist the board in its investment program.

SECTION 18. IC 5-10.3-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. ~~Collection of Payments~~. (a) If the employer or political subdivision fails to make payments required by this chapter, the amount payable may be:

- (1) withheld by the auditor of state from moneys payable to the

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employer or subdivision and transferred to the fund; or
 (2) recovered in a suit in the circuit or superior court of the county in which the political subdivision is located. ~~which~~ The suit shall be an action by the state on the relation of the board, prosecuted by the attorney general.

(b) If:

- (1) service credit is verified for a member who has filed an application for retirement benefits; and**
- (2) the member's employer at the time the service credit was earned has not made contributions for or on behalf of the member for the service credit;**

liability for the unfunded service credit shall be charged against the employer's account and collected by the fund as provided in subsection (a). Processing of a member's application for retirement benefits may not be delayed by an employer's failure to make contributions for the service credit earned by the member while the member was employed by the employer.

(c) If the employer or political subdivision fails to file the reports or records required by this chapter or by IC 5-10.3-7-12.5, the auditor of state shall:

- (1) withhold the penalty described in IC 5-10.3-7-12.5 from money payable to the employer or the political subdivision; and shall**
- (2) transfer the penalty to the fund."**

Page 10, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 20. IC 5-10.3-8-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. ~~Payment of the Retirement Benefit. Except as provided under IC 5-10.2-4-7(f),~~ the retirement benefit is payable in equal monthly installments. The benefit may not be increased, decreased, revoked or repealed except for error or by action of the general assembly.

SECTION 21. IC 5-10.4-3-9, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. (a) The board is responsible for the fund's property. The board may take and hold any property given outright or on condition to the fund and shall perform the conditions accepted. Unless restricted by a condition, the board may transfer the property when necessary for the fund's benefit.

(b) The board shall receipt:

- (1) property belonging to or coming into the fund and shall judiciously invest the property; and**
- (2) money coming into the fund and, except as specified in**

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sections 13 and 14 of this chapter, shall deposit the money with the state treasurer in the manner required of other state funds by ~~IC 5-13~~ as authorized by the board.

(c) The board shall make quarterly reports to the auditor of state as required by law for the transference of the fund to the auditor of state's books.

~~(d)~~ (c) The board shall direct the fund's disbursements on itemized vouchers to the auditor of state approved by the president of the board and the director or, in the absence or incapacity of both officers, by another trustee directed by order of the board. ~~The auditor of state then shall issue a warrant on the treasurer of state.~~

SECTION 22. IC 5-10.4-3-14, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 14. All income and other receipts from securities may be:

- (1) collected by the custodian bank or safekeeping bank approved for that purpose by the board and deposited in the custodial account or a checking account of the board;
- (2) reinvested from the custodial account or checking account when the board determines that the receipts may be safely invested; or
- (3) withdrawn by the board for the immediate needs of the fund from the checking account or custodial account. ~~and then deposited with the treasurer of state, as required for other money coming into the fund.~~

SECTION 23. IC 5-10.4-4-8, AS AMENDED BY P.L.201-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) This subsection applies to a member who retires before July 1, 1980. A member who had completed four (4) years of approved college teacher education before voluntary or involuntary induction into the military services is entitled to credit for that service as if the member had begun teaching before the induction. A member who serves in military service is considered a teacher and is entitled to the benefits of the fund if before or during the leave of absence the member pays into the fund the member's contributions. Time served by a member in military service for the duration of the hostilities or for the length of active service in the hostilities and the necessary demobilization time after the hostilities is not subject to the one-seventh rule set forth in section 7 of this chapter.

(b) This subsection applies to a member who retires after June 30, 1980. A member who completed four (4) years of approved college teacher education before voluntary or involuntary induction into

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military service is entitled to credit for the member's active military service as if the member had begun teaching before the induction. A member who serves in military service is considered a teacher and is entitled to the benefits of the fund if the following conditions are met:

- (1) The member has an honorable discharge.
- (2) Except as provided in subsection ~~(c)~~, (g), the member returns to active teaching service not later than twenty-four (24) months after the completion of active military service.
- (3) The member has at least ten (10) years of in-state service credit.

The time served by a member in military service for the duration of the hostilities or for the length of active service in the hostilities and the necessary demobilization time after the hostilities is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(c) This subsection applies to a member who retires after May 1, 1989. A member who had begun but had not completed four (4) years of approved college teacher education before voluntary or involuntary induction into the military services is entitled to service credit in an amount equal to the duration of the member's active military service if the following conditions are met:

- (1) The member has an honorable discharge.
- (2) Except as provided in subsection ~~(c)~~, (g), the member returns to a four (4) year approved college teacher training program not later than twenty-four (24) months after the completion of active military service and subsequently completes that program.
- (3) The member has at least ten (10) years of in-state service credit.

The time served by a member in active military service for the length of active service in the hostilities and the necessary demobilization is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(d) This subsection applies to a member who retires after May 1, 1991, and who is employed at a state educational institution. A member who had begun but had not completed baccalaureate or post-baccalaureate education before voluntary or involuntary induction into military service is entitled to the member's active military service credit for the member's active military service in an amount equal to the duration of the member's military service if the following conditions are met:

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- (1) The member received an honorable discharge.
- (2) Except as provided in subsection ~~(e)~~; **(g)**, the member returns to baccalaureate or post-baccalaureate education not later than twenty-four (24) months after completion of active military service and subsequently completes that education.
- (3) The member has at least ten (10) years of in-state service credit.

The time served by a member in active military service for the length of active service in the hostilities and the necessary demobilization is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(e) For purposes of this section, a member returns to active teaching service on the earlier of:

- (1) the date on which the member signs a teacher's contract; or**
- (2) the date on which the member is first employed in a position covered by this article.**

(f) For purposes of this section, a member returns to:

- (1) a teacher training program; or**
- (2) baccalaureate or post-baccalaureate education;**

on the date the member registers or enrolls for classes that the member attends.

~~(e)~~ **(g)** The board shall extend the twenty-four (24) month deadline contained in subsection (b)(2), (c)(2), or (d)(2) if the board determines that an illness, an injury, or a disability related to the member's military service prevented the member from returning to active teaching service or to a teacher education program not later than twenty-four (24) months after the member's discharge from military service. However, the board may not extend the deadline beyond forty-eight (48) months after the member's discharge.

~~(f)~~ **(h)** If a member retires and the board subsequently determines that the member is entitled to additional service credit due to the extension of a deadline under subsection ~~(e)~~; **(g)**, the board shall recompute the member's benefit. However, the additional service credit may be used only in the computation of benefits to be paid after the date of the board's determination, and the member is not entitled to a recomputation of benefits received before the date of the board's determination.

~~(g)~~ **(i)** Notwithstanding any provision of this section, a member is entitled to military service credit and benefits in the amount and to the extent required by the federal Uniformed Services Employment and

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Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later amendments.

~~(h)~~ (j) Subject to this section, an active member may purchase not more than two (2) years of service credit for the member's service on active duty in the armed services if the member meets the following conditions:

- (1) The member has at least one (1) year of credited service in the fund.
- (2) The member serves on active duty in the armed services of the United States for at least six (6) months.
- (3) The member receives an honorable discharge from the armed services.
- (4) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of:

- (i) the member's salary at the time the member actually makes a contribution for the service credit;
- (ii) a rate, determined by the actuary of the fund, that is based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased; and
- (iii) the number of years of service credit the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

However, a member is entitled to purchase service credit under this subsection only to the extent that service credit is not granted for that time under another provision of this section. At least ten (10) years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section. A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance or receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

~~(i)~~ (k) The following apply to the purchase of service credit under subsection ~~(h)~~ (j):

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(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

~~(j)~~ (i) This subsection applies to a member who retires after June 30, 2006. A member may not receive credit under this section for service for which the member receives service credit under the terms of a military or another governmental retirement plan.

SECTION 24. IC 5-10.4-4-10, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. (a) The director shall obtain a designation of beneficiary as soon as possible from each member.

(b) Notwithstanding a contrary collateral agreement, court order, process, attachment, or levy, the right to receive a death benefit under IC 5-10.2 or IC 5-10.4 vests with the designated beneficiary on file with the fund at the time of the member's death. The fund shall distribute the death benefit to the designated beneficiary or the designated beneficiary's estate in accordance with IC 5-10.2 and IC 5-10.4.

SECTION 25. IC 5-10.4-5-9, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. (a) The fund shall make a member's first pension benefit payment not more than ninety (90) days after the date the member completes and files an application for retirement benefits.

(b) After the first pension benefit payment and except as provided under IC 5-10.2-4-7(f), a person entitled to benefits shall receive a retirement benefit payment by the tenth day of each month.

SECTION 26. IC 5-10.4-5-13, AS AMENDED BY P.L.76-2008, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 13. ~~(a) IC 5-10.2-4-8 IC 5-10.2-4-9; and IC 5-10.2-4-10 apply~~ **applies** to the reemployment of a retired member.

~~(b) This subsection does not apply to a member who is reemployed more than thirty (30) days after the member's retirement in a position covered by the fund. For a retired member who withdraws from retirement status, resumes teaching, and again retires, the board shall~~

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pay the member, after the member's second or subsequent retirement, a monthly retirement benefit at least equal to the highest amount the retired member has received as a retirement benefit.

SECTION 27. IC 5-10.4-6-2, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) After July 9, 1949, a member receiving a retirement benefit under Acts 1915, c.182, or any statute amendatory of or supplemental to it enacted before January 1, 1949, is eligible, subject to Acts 1949, c.130, s.2(j), to receive a retirement benefit approximately equal to the state's proportionate share of a retirement benefit provided by Acts 1949, c.130 for up to thirty (30) years of service. These members shall make written application for these benefits to the board at any time. Applications must be based on the service record established in the office of the fund on April 1, 1949. **Except as provided by IC 5-10.2-4-7(f)**, this retirement benefit must begin on the tenth of the month following acknowledgment of the application.

(b) The board shall establish, with the advice of the fund's actuary, a simplified table for computing the increases under this section for the years of service. The board may provide by resolution for participation by the members receiving benefits under this section in the additional annuity fund.

(c) Within a reasonable time, the board shall issue to each member of the fund a service certificate that includes the following:

- (1) The member's name.
- (2) The member's last known address.
- (3) The member's account number.
- (4) The law under which the member is participating in the fund.
- (5) The contribution due from the member.
- (6) A certification of the total years of creditable service that the member has as of a date fixed by the board.

(d) The service certificate described in subsection (c) is final and conclusive regarding service in the fund. However, a member may, not later than one (1) year from the issuance or notification of the certificate, request that the board modify the member's service certificate."

Page 12, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 30. IC 5-10.4-7-10, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. **(a) Except as provided in subsection (b)**, the board shall maintain separate **reserve** accounts within the 1996 account for each school corporation.

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(b) If the board sets a group employer rate under IC 5-10.2-2-11(b), the board shall maintain separate reserve accounts within the 1996 account for each employer group.

(c) Credits and charges to these accounts must be made as prescribed in IC 5-10.2-2.

SECTION 31. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2009]: IC 5-10.3-4-1; IC 5-10.3-4-2; IC 5-10.3-9-5."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1546 as printed April 8, 2009.)

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